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# ***Daily Report***

## ***Supplement***

# **East Europe**

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# East Europe SUPPLEMENT

JPRS-EER-93-074-S

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28 July 1993

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**\* Copper Industry Organization, Management Problems**

93P20224A Tirana RILINDJA DEMOKRATIKE in  
Albanian 23 Jun 93 p 2

[Article by Engineer Besnik Draci, from the Lac copper plant: "Organization and Management Problems in the Copper Industry—Past Problems for Reflection"]

[Text] The production of the copper industry in Albania reached its peak in 1989 with the production of 15,310 metric tons of blister copper. During the years of the one-party government, just as in other branches of the economy, special importance was placed merely on increasing production with the slogan "Copper Breaks the Blockade," ignoring the economic aspects. Consequently, the results were very unsatisfactory.

First, considerable expenses were incurred in opening up new mines with poor and sparse reserves, which increased costs exorbitantly in the entire production cycle by aiming for globalism without considering efficiency and profitability.

Second, the mechanization of labor in the mines was abandoned on the pretext of lack of funds. As a result, the level of mechanization was very low, even primitive, and production was also low. As a result, we had a fictitious increase in the work force without any real research on the subject.

Third, old technologies imported from the former socialist countries were used and kept in operation, despite having very low exploitation indices. Instead of being concentrated, production was divided among two or three factories, which not only lowered indices but also made it very difficult to keep the units in operation.

Fourth, the need to realize profits was not kept in mind. The copper production process was carried out independent of technical-economic-financial indices.

All these factors mentioned above and the excessively large number of workers employed in this sector caused these deficiencies to become more evident with the transition to the market economy. The entire copper production branch was paralyzed temporarily and, despite the efforts made in 1992, at the end of the year, production stopped completely.

So that work could begin, more serious measures were taken in the early months of 1993 so that the copper industry would produce more effectively and without losses. The achievements, which are not minor, prove that work in the copper industry enterprises must, above all, fulfill the specific conditions of the market economy, and that production must be halted when losses are occurring. However, there is still need for a more careful selection of enterprises which fulfill the conditions for working normally and on a continuing basis. Thus, in the struggle for existence which this industry is undergoing, in addition to increasing productivity, reducing expenses

and selecting those enterprises which are operating profitably under the conditions which are being created for cooperation with foreign firms, it is necessary to choose foreign partners for future cooperation.

The recent dramatic reduction in the price of copper on the world market has had a very bad effect on copper production. This drop in prices has resulted from the placing on the market of very large quantities of electrolytic copper from the Eastern countries and the rather large decrease in the consumption of copper by these countries, which, in my opinion, is temporary and will result in very little loss.

How is the copper industry organized?

The Albaker company manages this industry now. Albaker was created by a special decision of the Council of Ministers dated 12 March 1992 and is located in Tirana. Technically, at first sight, this seems normal. Two opinions prevailed in regard to the organization—the first, to allow free competition among enterprises, which would certainly have an influence on improving results, but which could cause difficulties in the organization of production because of the connections which exist between the enterprises and the second, to create a company which would manage the entire copper industry.

I believe that the second option certainly has its advantages but much more will have to be changed before this system of management can operate better. More specifically, I think that:

First: In light of the functions which Albaker has today, it has all the duties of a separate enterprise but not of a single enterprise for the entire copper industry, since, with its present management personnel and in its current location, it is impossible for it to carry out skilled and efficient management. Under these conditions, either the number of personnel in this company should be increased considerably or its status should be changed so that its functions can be delegated to the dependent enterprises, which would be more logical.

In the final analysis, this is because this is the enterprise which will resolve all problems in its entire productive activity and the need to receive the company's approval for everything means that many problems cannot be resolved in time, because the two parties are relieved of the responsibility for carrying out their duties. The initiative of the dependent enterprises in resolving problems is close to zero. In my opinion, this creates a paradox in the market economy where initiative and freedom of action are basic. Therefore, in the final analysis, intelligent thinking and perfect organization take place at the grassroots level, where the product is produced and work is done.

Second: Another paradox is the fact that Albaker is managed by a board of directors appointed by the minister, which includes none of the enterprise directors from the enterprises in the districts (about 20 dependent

enterprises). I think that it would be much more effective if this board of directors were composed of the directors of these enterprises, for the simple fact that, not only do they know the problems and how to take concrete measures, but also, they are people who are interested in ensuring that this industry works. Of course, this would not rule out membership on the board of any worker from the outside.

Third: Transition to the market economy requires new people and new ideas. In almost all the organizational and management structures of the government, at headquarters and at the grassroots, the necessary changes have been made. However, the Albbaker company has specialists from the former directorate for copper in the Ministry of Heavy Industry and Mines. If I may say so, I think that staffing with new skilled cadres is absolutely necessary at this time.

Fourth: I believe that the location of Albbaker in Tirana represents more a privilege of the former employees in the ministry than a rational, essential, and well-organized labor management solution. Since all the copper is concentrated in the north, with the exception of Renova, I believe that the management headquarters for the entire copper industry should be in Lac. This is because the largest copper-producing plant is located in Lac and because all issues related to production, organization, and treatment, as well as the sale of ready-made products, are linked together in Lac. Also, Lac has established links with Tirana and the other enterprises for the production and extraction of copper are located near Lac. A concrete example is this is Albpetrol, which is located in Fier.

In all I have said above, I believe that I am expressing a very widespread opinion on this matter, which is expressed in concrete form in the implementation of the overall economic reform on the basis of the program of the Democratic government.

**Bill on Regulating Companies Sent to Parliament**

93BA1234A Zagreb VJESNIK in Serbo-Croatian  
9 Jul 93 p 3

[Article by Drazen Jambrovic: "Equal Rights—Even to Foreigners"]

[Text] Zagreb—The government is sending yet another major law to the Assembly for adoption. In its session on Thursday, the government approved the final version of the law on companies, the basic law for regulating economic relations, with which, as Prime Minister Nikica Valentic put it, we are entering upon a market economy and free enterprise.

The law on companies, with its 648 articles, as explained by one of its principal authors, Dr. Jaksa Barbic, professor, signifies the beginning of Croatia's return to European legal principles. That is, back in 1875 Croatia had the first commercial code, and then following World War II it took diametrically the opposite direction and dissolved all companies. Now the law on companies brings Croatia into the great family of Europe. European legal standards are being adopted, and, very important, foreigners are in all respects put on the same footing with our own citizens concerning the establishment and operation of companies.

The final version of the law on companies establishes the lowest amount of capital assets for corporations at the level of 30,000 German marks [DM] (the original proposal was DM50,000), and for limited liability companies—DM5,000 (previously DM20,000).

The government has also approved the final version of the law on banks and savings institutions and the law on the system of government administration. It is said of the law on administration that it creates the prerequisites for vertical integration of the government administration and greater accountability for its acts from the ministry to the bottom.

Because of the extremely serious financial condition of the Croatian Republic Health Care Fund and Health Service, which in late May owed creditors about 233.6 billion Croatian dinars, the government has proposed a law that would make it possible for a part of the debt to be taken over and settled by the Croatian Fund for Privatization. The creditors will transfer 35 percent of the debt to the Croatian Fund for Privatization, and the fund will settle that debt to creditors by transferring shares which it owns.

**Good Wheat Crop Expected Despite War**

93BA1222D Zagreb VJESNIK in Serbo-Croatian  
8 Jul 93 p 20

[Article by Snjezana Canic: "Harvest in Croatia: Abundance of Grain Fills Silos and Barns"]

[Text] *The first prognoses of the results of this year's harvest are very optimistic and give hope that Croatia will not have to import wheat this year.*

Osijek—Despite the difficult year and the war situation, as well as the fact that some facilities are located on the front line of the battlefield, current prognoses of this year's harvest are inspiring a great deal of optimism, the zupan of Osijek-Baranja Zupanija, Branimir Glavas, said during a tour of factories at a meeting with harvesters of the IPK [Factory Farm] Osijek "Ratarstvo-stocarstvo" d.o.o., expressing at the same time the hope that this year Croatia will not have to import wheat.

Accompanied by Draga Ruzic, the head of his cabinet, Dr. Branko Novak, the chief director of IPK Osijek, and Josip Pavic, the chairman of the board of the company, the zupan commented on the current situation in agriculture and the situation at the largest food producer in Croatia. For example, 12,500 out of 14,500 hectares are being cultivated, while mines must still be removed from around 2,000 hectares. The sown land area comes to 3,500, while on 28 percent of the land threshing is complete. With regard to the removal of mines, IPK "Ratarstvo-stocarstvo" representatives believe that this will be done by fall, thus freeing up all the land for production. Among the priorities, emphasis was given to the need to procure tractors and to implement programs in the irrigation system, for which broader decisions on the zupanija level will be sought.

Mirko Vucemilovic, the director of the "Brijest" plant, talked about a new system for irrigating land where vegetable cultures are planted. The Osijek combine has acquired nine Italian irrigation systems valued at 200,000 German marks [DM].

Drought damage during last year alone is estimated at more than DM6 million, so that the Republic of Croatia should ensure favorable credit conditions in order to expand the entire irrigation system. This would also ensure a high level of production. During a visit to the Seles-Rudine-Ivanovac plant, there was also talk about wartime production along battle front, especially production in Antunovac, Divos, Ernestinovo, and Paulin Dvor. The director of the "Cepin" plant, Mijo Grbesa, noted the problems of removing mines from the fields. The harvesters with that plant expressed satisfied assessments of this year's crop.

At the end of his tour of the plants, Zupan Branimir Glavas of Osijek-Baranja Zupanija visited the Baragrica private enterprise in Vuka, a farm where there are a mill, silo, bakery, and 70 [jutara] of land under wheat cultivation.

### \* Optimistic Look at Prospects for NATO Membership

93CH0747A Prague RESPEKT in Czech 20 Jun 93 p 4

[Commentary by Jaroslav Spurny: "The Czech Road to NATO"]

[Text] Recently, Manfred Woerner, the secretary general of the Atlantic alliance, told Antonin Baudys, minister of defense of the Czech Republic [CR], that the CR should be among the first countries to expand the ranks of NATO. For the time being, the timing has not been decided, but, even so, that is a visible shift. Just a year ago, Woerner responded to questions regarding the entry into NATO by new countries by saying: "It is possible to contemplate that, but it will not happen in the immediate future. The alliance cannot, in the meantime, provide those countries with security guarantees."

Despite a certain optimism in today's words uttered by the secretary general, it does not seem likely that we could join the North Atlantic pact before the year 2000. NATO has 16 members, and any kind of expansion requires their general approval. That approval is not granted hastily: In view of mutual obligations among the member countries, they carefully examine whether a problem candidate might not embroil them in a difficult-to-resolve situation in the future. A condition thus involves smooth relations with a neighboring country and political stability. In addition, the interested party should have something to offer its future partners—at the very least, a willingness to share in the actions and strategies of the alliance. This, in turn, requires the applicant to have a functioning well-equipped army.

The division of Czechoslovakia is said to have resulted in a change for the better in the standing of the CR in the eyes of NATO representatives. "We are the only Central European country with a communist past that does not border on the former Soviet Union," is an explanation provided by Jaromir Novotny, chief of the Directorate of Foreign Relations at the Ministry of Defense. "And the political situation in our country is stabilized."

According to Novotny, NATO considers us to be a "trustworthy partner." Thanks to that factor, we will be the first East European country to have a high-ranking officer assigned an office in the NATO building in Brussels, perhaps even this month. His task will be liaison with representatives of the alliance and the Western European Union. According to Czech Army experts, the presence of "our man" in Brussels represents an outstanding success. It will compel NATO officers to gradually become accustomed to the presence of recent enemies.

Some two weeks ago, the Ministry of Defense held a training course for specialists from NATO at Komorní Hradek, a course attended by officers who will participate in inspecting eastern armies. At Brno and Cesky Krumlov, a training course is being held for NATO officers and former Warsaw Pact officers active in the

peacekeeping forces of the United Nations. Our soldiers are members of the inspection teams of the alliance, which check on the status of the Armies of Ukraine and Russia.

At the end of June, the military heads of the Atlantic alliance will meet in Prague with generals from Central Europe and East Europe at a so-called workshop. It is the first such action by NATO organized in the countries of the former Warsaw Pact. The topic will be "Peacekeeping" or a debate on how peace can be maintained in regional conflicts.

According to Lucie Pilip, the press spokesman of the Ministry of Foreign Affairs, the CR is one of the most active members of the North Atlantic Council for Cooperation (NACC). That organization came into being in 1991. Its task is to support dialogue between the countries of the alliance and the former Warsaw Pact. The first session was held in December 1991. According to Pilip, our work in the NACC broadens the possibilities of preparing for membership in NATO, except that the Atlantic alliance accepts only conflict-free countries for membership. If our property and common frontier disputes with Slovakia should grow beyond tolerable limits, they can relegate us more toward the Balkans in the future. A still more weighty fact is that our Army does not exist from the military-political viewpoint. Thus far, the government has not proposed and parliament has not approved a military doctrine that should give rise to a structure of the military and its strategic plans. For the present, the Cabinet has only taken cognizance of the Army's reorganization, which is scheduled to begin on 1 July.

One of the ways in which entry to the North Atlantic pact can be made easier is participation in military activities organized by the UN. "We made our reputation in Kuwait," says J. Novotny, "and NATO is counting on us in case of a military intervention in Bosnia." Representatives of the alliance have allegedly already asked us whether we are willing to participate in an intervention. Foreign Minister Josef Zieleniec confirmed the official position of the government that we are willing. However, the Czech Army can only provide so-called support units: field hospitals, kitchens, or repair units. "We do not have the same ammunition as does NATO, and that would create a problem in supply. Our units never trained with the Atlantic alliance. We do not even have the equipment that would support communications. It would be a hazard to let our combat troops in there," claim military experts.

For a long time and generally in a unified manner, the Czech political representation has been saying: In terms of security policy, there is no alternative to NATO. "By this, we are not only declaring our efforts to become militarily secure," said Foreign Minister Zieleniec last year, shortly after assuming office. "We are more concerned with letting the world know that the values NATO has pledged to defend—in other words, freedom and democracy—are also our values and that we are

willing to fight for them with weapon in hand." According to the May IVVM [Institute for Public Opinion Research] public opinion poll, 42 percent of the citizens of the CR agree with our joining the North Atlantic pact; 36 percent were opposed.

#### **\* Implications of Integration for East Europe Considered**

93CH0747B Prague RESPEKT in Czech 20 Jun 93  
pp 2-3

[Article by Jiri Schneider, adviser to the minister of foreign affairs: "On the Road From Division to Integration"]

[Text] *Germany, as one of the motors of European integration, can certainly not be suspected in the least of resisting its own integration. Nevertheless, the deep stigmas of the former division are biting deeply and tend to document the fact that the East-West division did not end with the fall of the Iron Curtain. There are not only deep economic differences, which were accelerated by the rapid currency union in the fall of 1990, but also social and political differences. In that respect, the unification of Germany is a test of the compatibility between long-separated fabrics and is justifiably at the center of attention as a "Europe in miniature."*

The German "solidarity pact" is an attempt to react to the pain of unification and not only means the overcoming of economic differences as a result of the transfer of financial resources and capital. The very idea of solidarity carries a special social charge that could become the paradigm for overcoming differences in all of Europe.

Europe is in need of a concept of a directed interconnection between vessels containing different levels of fluids, and not only from the economic standpoint. As far as German unification is concerned, if it has a European dimension, it will not need a nationalist German dimension. Even though that sounds like a paradox, a unifying Germany must not remain isolated in its unification efforts.

Over the past few years, the West has developed the fear that precipitate expansion might "drain its own pond." The notion that the former socialist countries would be simply attached to West Europe therefore looms as being far too schematic. The architects of a future Europe would like to have the Maastricht treaty "in their pocket" as a firm point for European integration, upon which it would be possible to build further. The future of the Old Continent, however, is not quite so "modularly" schematic. Rather than concluding agreements, it would involve the shaping of a gravitational field of West European integration and the gradual attraction of additional countries to its stabilizing influence.

Just as the unification of Germany was not a mere attachment of the former GDR to the European West Germany, so additional broader European integrations

are unthinkable without having an impact on today's Group of 12. With advancing time, it becomes ever more obvious that the countries of the former communist bloc will not easily be cobbled onto the European Community in the bloc's existing form. First in line are the countries of the European Free Trade Association, which are by far not such a bitter pill for the EC to swallow as is the former GDR. And, by accepting them for membership, the European Union will change not only in the number of its members, but also in the quality of its relationships.

Arguments for and against expanding the European structures deserve to be extensively analyzed. Here, let us be satisfied with a simplification—namely, that it is particularly economic protectionism, generally bureaucratic fears of growing obtuseness in European administration, and the fear that politicians have regarding the decisionmaking capabilities of such machinery that speak against underscored expansion. However, there are primarily security reasons that favor the inclusion of relatively stable countries of Central Europe in common European structures. And those reasons have their weight; they involve expansion of the belt of stability and democracy and thus reduce the risk and threat in all of Europe.

The differences between the countries of West Europe and the former socialist countries are far too deep to be eliminated in a few years. One hears opinions that "in spite of the understandable efforts by the East Europeans to separate themselves from their own past, they continue to have more in common with each other than with West Europeans." (INTERNATIONAL HERALD TRIBUNE) That confronts us with the question of whether it is possible to extricate oneself from that kind of view.

There are a number of parties interested in being accepted who are competing with each other as to who will succeed first in gaining EC membership and who are being counseled to compete less and cooperate more. There is no doubt that every country will, in the end, be approaching the EC in an individual manner. Neither in the countries of the EC nor among the competing aspirants for membership is there, for the time being, a predominating interest in making a "sharp cut through Europe." In other words, no one wants the expansion of the EC to create a specific dividing line at its borders.

Immediately adjacent to Germany, which is struggling with unification, is the former Czechoslovakia, which is coming to terms with division. At first glance, that tends to involve directly contradictory trends: All of Europe is integrating, and we are separating. It is somewhat difficult for the rest of the world to understand that we have become smaller, when it is generally considered that bigger means better. The fact that Czechoslovakia was divided peacefully and relatively without problems, then, paradoxically casts doubt on the seriousness of the reasons that led to the division. However, the seriousness of the situation is based more on the threatening context: The former socialist camp is disintegrating like a giant



with clay feet, and everyone is interested in seeing to it that the demolition does not get out of control. For that reason, they would much rather accept the quiet, albeit somewhat incomprehensible, disintegration of the state in place of civil war.

The division of Czechoslovakia has thus far been the most specific expression of doubt regarding the ability of the Visegrad Group to hold together and to justify its existence, particularly from the geopolitical standpoint. Poland has lost Czechoslovakia as a stabilizing element to the south. Slovakia, on the other hand, has remained as the connecting link between Poland and Hungary, with Hungary neighboring only on Slovakia among the states of the Visegrad Group, a country with which, for well-known reasons, it has the least obvious relationship. Slovakia thus becomes the key to the arrangement of Central Europe, and its development is essential for the formulation of our east policy. The difference between the orientation of the Czech Republic [CR] and Slovakia can be sharp and fundamental, but it can also be small and inconsequential. In other words, either Slovakia will belong to the East, or it will become a part of the Central European area.

The choice for "Central Europe" is undoubtedly in the interest of the Czechs because any kind of sharp separation between the CR and the Slovak Republic [SR] would have serious internal political consequences for both republics, in view of their mutual ties. The facts of the situation will depend primarily on the clear formulation of Slovak interests. However, it is indicative that they are being spoken about, for the time being, and speculated about more in Prague than in Bratislava.

How can the independent CR and the SR contribute to overcoming the division in Europe? Can those who have parted company at all credibly share in unification? Are we not acting as though the only thing we care about is to egotistically leap over the fence into Europe without regard for our neighbors and those who shared our previous fate?

For many, those are probably superficial and simplifying questions, but they are questions that not only exist but also are even articulated. From that international perspective, our relationships with Slovakia (for example, the question of the border regime) are even judged. Czech-Slovak relationships will therefore benefit if they become the maximum topic as quickly as possible (surely a prominent topic) in foreign policy and the object of diplomacy. In short, it is necessary to abandon the habit of negotiating Czech-Slovak relationships with the use of instruments from the internal political arsenal, which tend to turn the perspective back to the past—in other words, toward the division rather than to the future—in other words, toward European integration.

On the road from division to integration, let our realistic and even sufficiently ambitious goal not be a Europe without borders but, rather, at least a Europe without impenetrable curtains.

### **\* Amendment or New Labor Code To Be Published**

93CH0749A Prague HOSPODARSKE NOVINY in Czech 18 Jun 93 pp 8-9

[HOSPODARSKE NOVINY roundtable discussion reported by Jan Rezac and Vaclav Vopicka: "Will the Labor Code Be Amended, or Will There Be a Completely New Labor Code?"]

[Text] *The beginning of June saw an end to the mock-up proceedings pertaining to the proposed amendment of the Labor Code, worked out by the Ministry of Labor and Social Affairs of the Czech Republic in accordance with the tasking of the ministry by the Program Declaration of the Government. Since last week, the ministry has been evaluating the comments it has received, including the position paper of the Czech-Moravian Chamber of Trade Union Associations [CMKOS], which is recommending that a completely new code for legal labor relationships be worked out to reflect the conditions of a market economy.*

*Our editorial roundtable is designed to provide the three principal partners—the ministry, the trade unions, and the employers—with an opportunity to express their views regarding the proposed amendment. The roundtable discussion was participated in by the following individuals: Jiri Tyc, doctor of jurisprudence, a department director at the Ministry of Labor and Social Affairs; Ludmila Tomandlova, M.A., a section head at the Ministry of Labor and Social Affairs; Jaroslav Jakubka, doctor of jurisprudence, chief of the Legal Section of the CMKOS; Karel Horny, doctor of jurisprudence, a member of the Legislative Council of the CMKOS; Eng. Pavel Ernst, secretary general of the Union of Employer Associations; and Eva Burdova, doctor of jurisprudence, of the Union of Employer Associations.*

[HOSPODARSKE NOVINY] First, we are interested in the principal changes that have been proposed; where does the current legal arrangement fall short, and which provisions have proved themselves in practice so that they are not expected to be changed?

[Tyc] For one, the fact that the current legal arrangement is not uniform is unsuitable. Somewhat different conditions apply to employees of legal entities, other conditions apply to employees of private persons, and still somewhat different conditions apply to private individuals who are not in business but make use of various people for personal services.

A second very serious purpose of this amendment is the decentralization of jurisdictions to lower organizational components or, perhaps, in such a form that would eliminate the necessity for the Ministry of Labor and Social Affairs to make decisions regarding various exemptions, or the need for other central organs to make those decisions. For example, we are attempting to transfer the granting of exemptions from the limit of overtime work to the labor offices and to take into

account the International Labor Organization provisions that do away with the prohibition of nighttime work for women.

Furthermore, the circle of cases in which certain entitlements will be decided in collective agreements should be expanded, and the contractual nature of the employment status should be relaxed—for example, by eliminating the restriction of the employment status to a certain time and requiring the termination of the previous employment status at the time an employment agreement is being drawn up. Last but not least, we are trying to adapt the Labor Code and the implementing government regulations to the contemporary legal terminology by replacing the terms "organization" and "worker" with the terms "employer" and "employee."

[Tomandlova] The entire chapter regulating safety and health protection at work will be adapted to international agreements and directives applicable in the European Community. In view of the new constitutional arrangement, it is also necessary to eliminate the jurisdictions of the original federal organs.

Other changes are in preparation for the future legal amendment of accident insurance. That is why we intend to eliminate the limits restricting the amount of indemnification in the entire chapter dealing with indemnification of accidents at work.

[Jakubka] The CMKOS is going still further than the Ministry of Labor and Social Affairs. On the basis of analyses and findings derived from trade union consultative centers, we have reached the conclusion that the Labor Code as such is completely unsatisfactory. We are reacting to the erroneous notion of the legislators according to which what is in legal regulations is actually being realized in practical terms. That is not the case. On the contrary, Labor Code regulations are being violated, among other reasons, also as a consequence of their being excessively detailed. What is particularly missing is a consistent check on adhering to Labor Code regulations and the imposition of palpable penalties ranging up to license withdrawal. That is why the presidium of our chamber reached the conclusion that it would be more purposeful to begin preparing a completely new Labor Code, which would not have to be as extensive as the present one, of course.

Moreover, we are finding a certain conflict in the fact that the amendment takes as its goal a reaction to the current economic and social changes but is a long way from reflecting those changes that need to be resolved. On the contrary, it deals with other questions that, in the opinion of the presidium of trade union associations, are not as topical at the present time.

Employees are also noticing a deterioration in their social standing since the last Labor Code amendment in 1991. That then gives rise to a possible erroneous but possibly actual notion that every amendment is aimed at restricting the rights of employees and their employee organizations.

We also note a shortage of contractual liberty in the current Legal Code, particularly with respect to concluding collective bargaining agreements, when the state power arrogates unto itself the right to cogently arrange certain affairs, although that should be a matter of free agreement between employer and employee. I understand that as it may apply in the budgetary or contributory sphere, but, in the business sphere, it represents an antireform activity on the part of the state administration and state power.

[Horny] There is another problem that will have to do with Labor Code relationships even in conjunction with the contemplated modification of the so-called state service. There are also a law governing the service conditions for professional soldiers, the conditions of police formations, and the service relationship of the police. That is in the budgetary area, where it is not possible to figure on a certain amount of free will on the part of the employer or the employee.

[Burdova] I believe that a partial amendment is necessary because the employer has thus far been restricted in his possibility to solve certain Labor Code entitlements under his own jurisdiction and is tied only to the collective bargaining process. The inadequacy of the current legal arrangement that restricts him in that direction is manifested particularly in small business enterprises, which, as a rule, do not have any trade unions. For the employer in such cases to provide, for example, for shorter working hours, longer leave time, and so forth, the state organs must be instrumental in expanding collective bargaining agreements of a higher level in such a manner that certain entitlements would also apply in those cases. If the proposed amendment makes it possible for an employer to solve a sizable number of problems through internal regulations, it will make it possible for him to fulfill his function as an employer to the fullest extent—of course, within the framework of the principles stipulated in the Labor Code. A good and wise businessman is eminently interested in retaining qualified manpower so it would pay him to raise wages, shorten worktime, and provide longer leave time and various social advantages. If he is to be orthodox in adhering to the provisions of the Labor Code today, he has no right to provide an employee with such advantages. The law also needs to be amended because it makes it possible to solve the above problem while preserving existing collective-bargaining opportunities.

[Tyc] We are actually not making any system changes in the Labor Code. We are retaining some institutions without change, and we are only slightly altering others. Initiation of, changes in, and termination of the working status will see only minor changes. For example, in the case of the immediate termination of employment status, we wish to provide workers with a reason for immediate termination if they fail to receive wages within a reasonable time.

Also, we are not changing the leave provisions or the reasons for giving notice. (We are aware, however, of the notions that reasons for giving notice should be far more stringent on the employer side.)

Obstacles to work remain without change, as does indemnification for accidents at work, which we are basically leaving unchanged, with the exception of the fact that we wish to provide future advantages for those who suffer an accident at work; indemnification for lost earnings would be computed without any limits, so the average earnings would continue being paid. Also, the provisions of responsibility for damages caused by a worker are not being changed; only the limit of compensation for damages caused through negligence is being raised—to equal six months of earnings. No changes are being made in agreements on work performed outside of the employment status, either.

[HOSPODARSKE NOVINY] Now, of course, we cannot avoid having a fundamental difference of opinion on whether yet another amendment should be adopted or whether there should be a completely new Labor Code. What are the reasons that speak for an amendment, and how realistic in terms of time is the entire recodification of the Labor Code?

[Tyc] To prepare a new code takes two years. To leave the Labor Code area without any changes for two years means that it will become a brake on further economic development. That is why we told ourselves that we would make an amendment. We were aware of the fact that the times were so dynamic and required rapid changes in Labor Code regulations as far back as the Program Declaration of the Czech Government and that we would not be able to repair things by issuing a new Labor Code. And we would have to proceed in two phases: First, we would have to formulate the principles of the code and then the language of the individual paragraphs. Each portion requires a minimum of three-quarters of a year, not to mention that a start has not even been made on work leading to a new code in that spirit, although the Federal Ministry of Labor prepared a certain set of proposed principles last year. We received them at the end of the year because we had no jurisdiction over those affairs until 1 January.

[Tomandlova] The proposed principles for the new code, provided by the federal ministry, was a working paper; it had not been discussed anywhere and was based on theses worked out by a group of experts. The group of experts went through the valid code and judged its individual provisions to see whether they should be retained, excluded, or replaced. The results represented essentially a large amendment of the existing code. In that code, we found inspiration for work on this amendment. Thanks to the fact that, as of 1990, there were several changes in the code, the largest obstacles had been eliminated. Despite the fact that this is a code dating back to 1965, there have been many amendments, so that, in our opinion, it virtually serves the current requirements.

[Jakubka] The notions entertained by elected officials as well as rank-and-file members of the trade unions is such that developments should not proceed along the lines of examining the existing Labor Code but should be based on the fundamental charter of rights of wage-earning citizens, which the state is willing to guarantee. Furthermore, it is necessary to keep in mind the agreements of the International Labor Organization and to figure on ties to the European Community. Specifically, we should use collective and work agreements. However, we have experiences that indicate that a number of businessmen no sooner sign an agreement than they start to contemplate how to circumvent it, how to evade obligations they promised their employees.

As far as the time possibilities for preparing a new code are concerned, that depends on the philosophy that is adopted. That philosophy could be agreed upon within a tripartite framework. Our trade unionists are proreform, they are fans of the reform. If they were not fans, they would be attempting to prolong the validity of the current Labor Code as long as possible because it contains a number of social advantages. However, it is a tax of the past that the law does not differentiate between people who deserve protecting and those who merely want to misuse the advantages.

[Ernst] We discussed those matters in the tripartite presidium. Minister Vodicka expressed himself along the lines that his apparatus anticipates that it would take two years to discuss and approve a new law, but that he would like to see the time reduced to one year. Even given that optimistic expectation, we believe that to have to wait a year for certain amendments is not suitable or desirable, either from the standpoint of the employer or the standpoint of the trade unions.

We agreed that, if the trade unions reject the amendment before the time an effort is made to come to an understanding and explain matters, it would be considered to be a misunderstanding. We support their proposal that a tripartite group be formed without delay, which would unify the various views. At the same time, it is necessary to initiate work on a new Labor Code.

[Tyc] We were expecting the amendment to be effective as of 1 July of this year. We later discovered there were disagreements with the tripartite partners. Now I consider it realistic to expect the amendment to be adopted by the end of the year. A new Labor Code would take two years; I consider one year to be unrealistic.

[Jakubka] I am an enemy of amendments because they frequently do not prove able to become rooted in practice. Last year, in April, the amendment of the Labor Code was adopted, but the provision allowing the transfer of a worker to other work for reasons of essential operating need was deleted. We are finding that, to this day, it is not being adhered to on a massive scale. Every amendment takes a relatively long period of time before it is used in practical life.

[Horny] The fact that that amendment was prepared outside of the framework of the dialogue with the social partners in the tripartite arrangement should not be ignored. For example, there is no analysis of the existing practical functioning of Labor Code regulations. Moreover, in April, at the tripartite meeting, the government informed those present that the amendment would involve only legislatively technical changes. However, the results were somewhat different. If we read the individual passages in the amendment, we ask ourselves whether we should not perhaps solve the relationship between the Labor Code and the Civil Code, and what the position of the Labor Code is in the first place.

[Burdova] The negative attitude of the trade unions is closely linked to collective bargaining and the conclusion of collective agreements. Hitherto published viewpoints indicate that the trade unions see the new law restricting the room available for collective bargaining; the proposers of the amendment, on the other hand, see the opportunities for adjusting the Labor Code provisions expanded.

[Tyc] We have no intention of restricting collective bargaining, of reducing the weight of the trade unions. Section 20, Paragraph 2 of the Labor Code today regulates what can and cannot be contained in a collective agreement. We attempted to render the existing language more precise; it used the word "entitlements," but the trade unions understood that to mean that, as long as no entitlements were involved, everything was allowed. For example, that meant that, in collective agreements, the trade unions were exacting a pledge from employers that they would seek the approval of trade union organs in terminating the employment status of workers to a much greater extent than is stipulated in Section 59 of the Labor Code. That is in conflict with the law, is legally ineffective, and misleads the employees. The trade unions respond by saying that we are depriving them of the right to engage in collective bargaining.

A second matter involves the new Section 21 of the code. There we provide an opportunity for employers to provide people with things that, for the time being, are available only as a result of collective agreements of their own free will through internal regulations, particularly in organizations that do not have collective agreements or trade unions. For example, a longer period of leave time, the shortening of the workday, the advantaging of obstacles to work, and so forth. That is exactly as it is in collective agreements except for the fact that we are saying at the same time that, where the same matter is regulated by collective agreement and internal regulations, the collective agreement has priority. We believe that the fact that people could attain certain advantages in that way from employers who do not have a trade union organization should be highly acceptable to the trade unions.

[Jakubka] If an employer signs a collective agreement that states he will not dismiss any employee without the approval of the trade unions, he must adhere to that

provision. The principle that anything that is not specifically prohibited is permitted should apply. If there is a feeling that something should be prohibited—for example, in the budgetary sphere—let it be so expressed in the law.

As far as internal regulations are concerned, they appear to me to be highly unsystematic. It sounds good that employers will be providing advantages on the basis of those regulations where there are no unions. But they could provide those advantages even where unions exist. A businessman should have the opportunity of coming to agreement with his dissatisfied employees. He should be able to agree whether he will or will not give them something, and he should essentially come to agreement even without the trade unions. That would tend to relegate the trade unions to a less important position. Moreover, the law directly stipulates what we can allow ourselves to do, where we can allow ourselves to do it, and how we can allow ourselves to do it and to what extent.

[Burdova] I believe that collective bargaining will always have great significance, as will the position occupied by the trade unions, particularly in larger enterprises. Of course, it is not necessary to deal with the trade unions in all cases. Some things can be solved directly by the employer and the employee.

For example, wage questions. There already exists the opportunity to solve those questions with the employment agreement, collective bargaining, or internal regulations. If there is talk of liberalizing working relationships, that is true for relationships with anyone; sometimes it will be necessary to deal with the trade unions, sometimes such dealings will not take place, depending on the specific situation. I believe that that entire provision is not aimed against the trade unions. If people are going to be dissatisfied, they will demand that a collective agreement be concluded.

[Tyc] I am a little terrified of the trade union position with regard to Section 20. To the extent that we accept the theory that everything that is not specifically prohibited is permitted, that would mean that I could agree on something in the collective agreement that would even be to the detriment of people. For example, I could agree to dismiss an employee for reasons of loss of confidence with a one-hour notice—if this is not prohibited.

[Jakubka] The Labor Code could prohibit that. And the international convention also applies—namely, that no employee can be discharged if the employer does not have serious reasons for such an action.

[HOSPODARSKE NOVINY] With the growing number of private employers, the social group of their employees is also growing. It is precisely the rights of those individuals that should be remembered directly in the law. Even today, when the code demands a written work agreement, for example, some employers are refusing to conclude such an agreement in an effort to deal with an employee according to their own free will.

[Jakubka] I shall cite a few findings resulting from our investigation. We find that, in private businesses, no written work agreements are concluded, working conditions are imposed under the pressure of dismissal, and the location where the work is to be done is determined purely in accordance with the needs of the employer. And we are also seeing a fairly universal formulation of the type of work to be performed—the demand that an individual work as a manual laborer or as a technician, without more precise definition of the specific activity involved.

Very frequently, there is direct or indirect pressure on employees to refrain from establishing trade union organizations or becoming members of existing trade union organizations. Frequently, the conditions for giving notice to workers are violated; private businessmen are failing to observe the period of notice given; quite frequently the businessman does not wish to provide severance pay, saying that he does not have the necessary funds; and so forth.

[Tyc] The amendment contains something we have been somewhat remiss about—namely, strengthening sanctions for violating the Labor Code and wage regulations. For the time being, the code authorizes the Ministry of Labor and Social Affairs and organs stipulated by special regulations to oversee adherence to Labor Code regulations and to impose penalties. Those organs are the labor offices. Given its table of organization, the ministry is not capable of systematically monitoring adherence to Labor Code regulations. That is why, if we receive a complaint, we pass it on to the appropriate labor office. The existing upper limit of penalty fines for violating Labor Code regulations is being increased in the proposed amendment from 100,000 to 250,000 korunas [Kc], and the fine for repeated violations will rise from Kc500,000 to Kc1 million.

[Horny] We are encountering cases where membership in a trade union organization is the reason for terminating employment. A number of employees are signing agreements to terminate employment out of social fear; the agreement does not list the reason for dismissal, and they are afraid to demand protection from the courts. I believe that our citizens will have to become accustomed to protection from the courts even if we know how much the courts are overloaded and are aware of how Labor Code conflicts in which we are representing our members drag on and the individual is unemployed.

[Tomandlova] The rank-and-file citizen is not prepared to have to know the Labor Code. People are accustomed to having someone decide for them, someone act for them. I believe that this entire matter is a question of educating citizens to become responsible for their own actions. Then, it might be possible to at least eliminate a portion of the shortcomings.

[Burdova] I must stand up for the employers. The incorrect actions on the part of employers cannot be considered to be typical. That view by the trade unions is based on the fact that the trade unions collect only negative experiences. If a worker is dissatisfied, he turns to the trade unions; if he

is satisfied, he turns to no one. It must be conceded that that does not always involve ill will on the part of employers, as it is sometimes presented. Until now, we had large enterprises in this country with personnel departments. Today, the brick mason, the master auto mechanic, the plumber have become employers and must handle everything themselves. They frequently do not know what to do and make mistakes particularly because they do not know and are not skilled. They are just beginning to learn. I believe that that presents a large field of activity for the association of employers.

[Ernst] We consider it to be one of the primary tasks for every employer organization to care for the quality and responsibility of the work performed by its members. Enterprises or businessmen who fail to respect the principles governing a serious employer will be expelled and their names published. Moreover, the small business law charges us with the right to express ourselves with regard to the suitability of new entrepreneurs. Even there, we would like to see to it that businessmen are suitable for the job and would like to expel those who are not suitable. On the other hand, of course, a businessman who wants to retain good employees takes very good care of them. We consider the trade unions to be partners with whom we would like to come to an agreement. The creed of a good employer includes good collaboration with the trade unions. Coming to an agreement with the trade unions makes it possible to assure certain conditions to support business activities and provides assurance against wild trade unions that disrupt the stability of an enterprise. But all of that cannot be ordered by law, nor can it be achieved as a result of criminal prosecution.

[HOSPODARSKE NOVINY] It now remains for you to tell us what the progress of work is involving the amendment of the code or the work involving another legal regulation.

[Tyc] After discussing the comments with all participants, we expect to present the material to the government by the end of June. At the same time, we are supposed to present it to the Council for Economic and Social Agreement, as well as to the legislative council of the government. The trade unions will surely have one more opportunity to express themselves in the Council for Economic and Social Agreement, together with the employers. I expect that those negotiations could take place in July and that the final government proposal could be received by the parliament in August.

[Tomandlova] For the sake of completeness, I would just like to remind you that a new implementing regulation was worked out at the same time as the amendment of the Labor Code. It takes over a great portion of the text that is valid today; parts of the existing text have been subsumed by the text of the law, and the government regulation involves only those modifications that correspond to what is being modified in the proposed amendment of the law.

**\* Lithuanian Reforms Promote Trade With Poland**

*93EP0302A Warsaw ZYCIE WARSZAWY in Polish  
12-13 Jun 93 p 9*

[Article by Maciej Kledzik: "Trade Brings Neighbors Closer: The Worst Is Past for Polish-Lithuanian Trade; Lithuania's Domestic Problems Do Not Frighten Polish Traders"]

[Text] Lithuanian-Polish trade has limped along for several years. The Lithuanians say that the Mazowiecki government tore up many agreements and contracts. They proceeded in a similar manner, and only now is economic cooperation being reborn.

During the USSR period, Polish specialists assembled the nitrate plants in Janow, the paper mill in Grzegorzew, the prefabricated housing factory in Olit. Polish fishing ships sailed in the Lithuanian fleet, and agricultural machinery ploughed, sowed, and harvested. In Poland, the Lithuanians bought electronic equipment, measuring equipment, pumps, paints, lacquers, and enamels.

They sold Poland chemical products, cellulose and paper products, textiles, construction materials, lathes, television sets, bicycles, refrigerators, and drill bits. Lithuanians annually visited the Poznan Fair, and, since 1965, they have provided return invitations to the Wilno Fair. This year, there is to be a return to the tradition broken off.

**Desire and Ability**

Until recently, Lithuania was completely dependent on Russian raw materials and had to accept the prices imposed, a double customs duty for imports, and a prohibition on the reexport of some goods, which is still in force. Lithuanians felt strong enough that, in 1993, they did not submit to pressure and did not sign another agreement with raw-materials sanctions. In return, Russia did not sign a pact on free trade with Lithuania. The result was a negative balance of Lithuanian foreign trade with its eastern neighbor and a positive balance with the Western countries, with whom turnover during the past year rose thirtyfold. Poland is Lithuania's sixth-largest trading partner and provides 2 percent of the imports and takes nearly 9 percent of the exports.

The Lithuanians chiefly import food articles from Poland. Poultry, eggs, and honey make up more than 60 percent of the total imports of those goods—of footwear as much as 99 percent; of medical, optical, and photographic equipment 90 percent; and of furniture 85.5 percent. Lithuania also imports coffee, tea, spices, alcohol, sugar and candy, fuel, cleaning materials, and finished clothing from Poland.

First on the list of exports to Poland is meat (73 percent of total exports). Then come raw skins (nearly 87 percent) and paper and cardboard (64 percent). Following those are vegetables, fruits, cement, fertilizers, synthetic

materials, glass products, transportation equipment, machine parts, and furniture. In 1993, electric power appears on the list.

In Wilno, Lodz has opened a trade office. The offices of trade advisers are beginning operations in both countries.

**Prospects for Cooperation**

The prospects for economic cooperation are not too encouraging in spite of the fact that Lithuanian industry is already 70 percent privatized. All of the state farms were liquidated, but private agriculture has not grown up on their ruins. The greatest obstacles to reform are the banks that hamper domestic and foreign trade. Not one of them has the right to provide loan guarantees without the intervention of the government.

Further, the exchange rate for the coupons (the temporary money) in relation to convertible currencies is capable of changing daily. Payment guarantees practically do not exist; still, the free market in Lithuania is drawing increasing numbers of Polish traders and entrepreneurs. Joint ventures and businesses delay the disputes and grudges that have grown up over the years. Does doing business civilize?

**\* Results of Privatization Process Examined**

*93EP0301A Warsaw RZECZPOSPOLITA in Polish  
17 Jun 93 p 6*

[Article by Ada Kostrz-Kostecka: "Privatization in Poland: Six Months of Dashed Hopes"]

[Text] The first six months of this year in privatization passed under the sign of plans, programs, and dashed hopes. Thus, the real reality of privatization remained in the shadow of the great programs, thrust into the background by political events. Less was said about it than in the past, although, in the final analysis, results were better in many cases than they were a year ago.

**Universal Privatization—Still in the Future**

All indications were that the law on universal privatization would be passed at the close of the first quarter. "We already have the lay of the land"—that is surely how the privatizers and the enterprises included in the program of universal privatization felt when, on 18 March, the deputies first rejected the motion of the PSL [Polish Peasant Party] to dismiss the draft law, and, at the close of the debate, that same draft law, along with the adopted revisions, was completely rejected. In the course of two weeks, a new version of the program was ready. That was finally sanctioned by the deputies as the Law on National Investment Funds, and the privatization of those funds was adopted on 30 April.

The legislative road went on for another month and a half, and, on 14 June, the law took effect. Earlier, the 182 enterprises that had been selected were transformed into

companies of the State Treasury [SP]. Official invitations were sent to the next ones. Those enterprises have 45 days from the day on which they receive their invitations to express their possible opposition. Thus, it will be known by the end of July or the beginning of August how many candidates have been assembled to participate in the program.

The Ministry of Ownership Transformations [MPW] would like to implement both sections of the program at the same time—that is, create both funds in which stocks will be designated to compensate a portion of pensioners, annuitants, and the budgetary sphere, and funds whose stock all adult citizens obtain as share certificates.

The Sejm's solution hampered work on appointing the Selection Commission. That commission will select the members of the Supervisory Councils as well as management firms. Even if other institutions (the Council of Ministers [RM], trade unions) selected their own representatives, the commission would still lack five members from the Sejm and Senate election. But the lack of a commission will not create an obstacle at this time in the commercialization of enterprises.

#### There Was to Be a "Pact"

The Enterprise Pact was even more encouraging, at least among those who are still working in state enterprises. Instead of share certificates of no further specified value, which may be exchanged for stock in investment funds (which exist only in the abstract in our reality), the pact offered something closer to reality—stock in one's own firm, and for free.

The laws that make up the Enterprise Pact include a new law on the privatization of state enterprises. When that new law takes effect, it will usher in new terms of privatization. Employees will obtain either the right to 10 percent of stock free during a period of two months from the transformation of an enterprise into a company of the SP and the right to as much as another 10 percent on preferential terms or, at the moment the enterprise is privatized, they will have the right to obtain it at half-price. Employees will also gain the right to participate in decisionmaking on the choice of privatization plans for their firm. The parent organ cannot reject the selection if it is well prepared, in accordance with the law. The pact will also usher in more moderate terms for leasing—that is, it will meet employee privatization halfway.

Meanwhile, however, it ended in the first reading of all of the draft laws during the plenary Sejm meeting on 14 May and in the examination of certain laws by the Extraordinary Commission.

The blocked pact stayed in the Sejm. However, to meet employee expectations, the government proposed, with the help of an RM resolution, that it be made possible for employees to take over 10 percent of stock.

People were also very vocal about reprivatization. The hopes that the law soon would see the light of day were borne out, and the taking effect of the law made possible the recovery of not only land but also farm buildings, housing, and part of state enterprises by former owners or their descendants.

Meanwhile, the law on the financial restructuring of enterprises and banks, which made it possible to force the privatization processes of indebted enterprises, passed without much ado. The absence of executory documents still makes it impossible to initiate debt-clearing processes on a larger scale, but the initial contract proceedings have already begun between banks and enterprises.

#### Capital, the Polish Version

Universal privatization will make possible the privatization of several hundred large, good enterprises in the very distant future. The passage and implementation of the Enterprise Pact would hasten the privatization of several thousand enterprises that still function as state enterprises. On the other hand, the reality of privatization is measured in the hundreds, at most, in the case of liquidation, and even in the tens in the case of capital privatization.

In the area of capital privatization, the MPW privatized 17 enterprises during the first quarter. That is not many, but it must be taken into consideration that, through the whole of last year, the ministry made the shift from state to private ownership in fewer than 23 SP companies.

First-quarter capital privatizations also include transactions from December 1992—the sale of stock of transformer factories, from which the money came in only in January. In addition to that, majority packages were sold to strategic investors in a one-time transaction or to small and large investors by means of a public offering in the following stock companies: Rafako, Fakop, the Health Products Plant in Kolo, the Kielce Industrial Construction Enterprise, the Delia Clothing Plant, Polgraf in Nowy Sacz, Pollena in Wroclaw, the Telkom PZT [Polish Telephone Plant], Teletra, the Olza Sugar Industry Plant, the Glassworks in Bialystok, the Bytom Clothing Plant, Bobo, Vistula and Polifarb, and the Meat Plant in Sokolow. The three last-named plants will enter the stock exchange. In addition to their stock, in the first six months, stocks of the Wielkopolska Credit Bank were sold on the primary market.

With regard to privatization processes conducted by the MPW, Andrzej Podgorski, director of the Capital Privatization Department, figures that the past six months were a good and stable period for capital privatization. The appearance of native capital in large transactions was a new phenomenon. Mostostal-Export, recently privatized, provides an example. Mostostal-Export purchased majority packages in the Kielce Industrial Construction Enterprise and in Delia, as well as in the Trade Bank Joint-Stock Company, which purchased 30 percent of the stock of the Bytom Plants.



Other privatized firms, including Exbud, wish to be included in state enterprise privatization. However, the share of foreign capital continues to dominate in transactions. This foreign capital brings with it new technologies and greater efficiency in work organization. Further transactions are possible by the end of June because negotiations are continuing, but their results cannot be determined until they are finished.

In spite of the fact that capital privatization affects few in number, it is qualitatively very important because it is one of the sources of new companies on the stock exchange. Thus, to a certain extent it determines the development of the young capital market.

Will foreign capital more readily come to us in the second six months, or will it revert? That will be determined primarily by the political picture of our country. Thus, it is difficult to determine whether 1993 will really yield results that are better than those of last year.

Single-person companies of the SP are a potential source of further privatization on the capital route. To date, the MPW (data up to 8 June) has transformed 500 enterprises into single-person SP companies (those 500 include firms designated for universal privatization) of the 800 that asked to be privatized. In the case of 101 enterprises, either the request was withdrawn or the application was incomplete and to date has not been completed. Twenty-six withdrew their applications while they were under consideration. Those firms, which had an unfavorable economic situation, feared a negative decision.

One-hundred fifty firms were denied approval for a transformation of that type, and four enterprises received such approval but did not register with the court within six months of the date the decision was made, and the notarized document of transformation into an SP company lost its validity. Nineteen requests were still under consideration during that period.

Basically, good firms are transformed into SP companies because such firms have a greater opportunity to find a private buyer. Meanwhile, SP companies that found themselves in ministerial "storage" during the first six months had an overall negative financial result. However, their situation improved over last year. During the first three months, their total earnings were 60 trillion zlotys [Z]. That includes earnings from the sale of goods and services of Z49 trillion. They achieved a gross profit of 5.33 percent (in 1992 that figure was 1.8 percent) and a net profit of - 1.86 percent (in 1992 the result was 2.9 percentage points below that).

#### **Liquidation for a Purpose or a Prior Reason**

Thus, liquidation became used to define processes that really have little to do with liquidation. The liquidation of enterprises on the basis of Article 37 of the privatization law is done for the purpose of their further privatization. In other words, it amounts to expunging state enterprises from the registry. The property of such

enterprises is very often leased, and thus the situation of a firm should be good enough to allow the leasing installment payments to be repaid from the profit. Thus, the firm cannot have major investment or modernization needs because little is left for other purposes after the installment payments are made.

On the basis of Article 37, the liquidation of enterprises designated for so-called quick sale is likewise affected. The publication EKSPRES PRYWATYZACJI was essentially directed toward Polish capitalists. However, they are not always willing to purchase a small enterprise, the financial situation of which is not always the best. For that reason, after several press announcements, some of those facilities were sold to foreign investors.

To date (up to mid-June), a combined total of 133 enterprises was put on sale in 25 installments of EKSPRES PRYWATYZACJI. Forty-two of them were sold. Recent transactions involved such plants as the Suwaly Furniture Factory, the Stolbud Building Carpentry Plant in Grybow, and the Rehum Water and Drainage Equipment Maintenance Enterprises in Rzeszow.

Up to 14 June, on the basis of Article 37, approval was granted for the transformation of 62 enterprises (33 enterprises in the first quarter), including 12 by quick sale. From the beginning of the privatization processes until mid-June, 780 enterprises were submitted for liquidation on the basis of Article 37.

Liquidation based on Article 19 of the law on state enterprises takes place when an enterprise is in a poor financial state. The liquidator has the duty to repay debts and also has an obligation toward employees. The liquidator designates earnings from sold assets for those two ends. If he succeeds in satisfying creditors before the assets are completely sold off, the pared down enterprise may still undertake production or services activity. Frequently, however, the process ends by the sale of the entire enterprise or the disposal of its parts, its machinery, and its equipment one by one over a long period. From the beginning of 1993 until 14 June, the MPW did not oppose the liquidation requests of 87 enterprises. Initially, 942 requests were accepted.

In the first type of liquidation, an enterprise has a concept for a further privatization road. In such a case, the liquidation process is generally shorter. By the end of last year, 652 state enterprises were removed from the registry. Of those, 513 were removed on the basis of the privatization law, and 139 were removed on the basis of the law on state enterprises. By the close of the first quarter of 1993, the liquidation of 576 better enterprises and only 152 worse ones was completed.

Thus, as we see, numerically, the initiated liquidation of enterprises that are in poor financial condition continues to dominate. In the estimation of Jacek Buiowski, director of the MPW Small and Midsize Enterprises Department, in the last period, the privatization



activism of enterprises has clearly grown. Those enterprises lost hope that the Enterprise Pact would take effect quickly. Earlier, they waited for solutions that were more favorable to them. But their greater interest is not yet expressed in a greater number of initiated ownership transformations.

Recently, there has been relatively less liquidation based on Article 19. That is a positive phenomenon because it proves that, in enterprises, recovery actions are being taken earlier that may lead to "requalifying" enterprises on another privatization route. In the event of quick sale, more domestic purchasers have appeared, convinced that it is worthwhile to invest in domestic industry.

At the same time, as a basis for transformation, large, good firms too often take Article 37 of the privatization law as a basis for transformation. In the opinion of director Bukowski, those firms qualify for sale in large transactions or even to enter the stock exchange. The desire by the work forces of such firms as Wawel in Krakow, Nobiles (paints and lacquers) or, recently, Win-iary to shift over to leasing manifests an attempt at a romantic, Mickiewicz-type approach that exceeds their strength (in this case, financial). Finding a large investor for the company would be a more favorable solution.

In toto, through mid-June, approximately 2,230 privatization recommendations made their way to the MPW regarding various forms of state enterprise ownership transformations (by the end of 1992 there were 2,052 such requests). But there is a great distance from initiating ownership transformations to actual privatization. The example of SP companies—more than 90 of them have been stuck in storage for over two years—is one proof of that.

Most often, ownership transformations take place in industry (if we discount the mass liquidation campaign of 882 PGR's [State Farms] in 1992 and the transfer of 539 of them into the SP Farm Property Reserves). According to MPW data, by the end of the first quarter, 901 industrial plants were transformed, as were 566 construction enterprises, 262 agricultural enterprises, and 194 trade enterprises. Understandably, the most industrialized voivodships dominate in ownership transformations: By the end of March, the most transformations that had been initiated were noted in the Katowice Voivodship (187), the Warsaw Voivodship (153), and the Lodz Voivodship (107).

#### Programs, Programs

The standard MPW concept, universal privatization, which could not squeeze through the Sejm for years, became for other milieus an incentive to create their own plans and privatization programs. Some, such as the program of Andrzej Olechowski and the Polish Business Council [PRB] were more concrete, while others, such as the Network program, were quite abstract. The single element joining those programs is that they moved things forward very little, despite the fact that they were accepted on a high level. The president supports the

ideas of the Network; A. Olechowski's design has been accepted by the EBRD [European Bank for Reconstruction and Development] and has been promised its financial support. The PRB took its concept to Prime Minister Hanna Suchocka.

Andrzej Olechowski and Neil Balfour (EBRD advisers) propose the privatization of 180 selected enterprises in conjunction with their restructuring and clearing of debts. Thus, in that case, bank-creditors who will create joint-venture companies with EBRD and will take over supervision of the enterprises from the SP would play an important role. The plan envisages that approximately \$480 million of capital will have to be funneled into debt-ridden enterprises. The funds would come from EBRD and the PHARE [Economic Reconstruction Aid for Poland and Hungary] program, and the rest would come from Polish banks, which would issue bonds and or shares for that purpose.

In turn, the PRB wishes to sell Polish enterprises primarily to Polish capital. For that reason, the PRB aims to offer its privileged status over potential purchasers from abroad. Polish capitalists would purchase enterprises on payments. After having paid 20 percent of the value of the entire package of stock or shares assumed, they would acquire the right of ownership. Small and midsize firms would be sold in that way.

The Network does not speak of details. However, it believes that the average Polish citizen does not have the money to be involved in privatization. For that reason, an investment bond worth Z300 million per bond in the form of nonmonetary credit is proposed. That bond may be used to purchase not only enterprise stock but likewise housing for ownership.

MPW Minister Janusz Lewandowski endorsed the businessmen's plan. After studying whether conditions make the Network program feasible, the minister appointed a special team to develop that program. But there is no evidence that that has hastened the implementation of the programs.

#### Whose Property?

The first six months were also marked by intense discussion regarding who would be in charge of property found in the hands of the SP. That is not a new subject; work on the creation of SP institutions is already in its third year.

However, significant progress has been made: The government came out in favor of the SP concept. Work was begun on legal documents making possible the creation of an agency to manage stocks and shares in the hands of the SP and another agency to be in charge of the remaining resources of the SP. A board overseeing state property would be organized in conjunction with the already existing agencies, the SP Farm-Ownership Agency and the Forestry Agency.

Moreover, there would be a General Prosecutor's office—that is, a replacement for SP legal proceedings

and contracts. Work on those executory documents continues, and the RM has already examined the first of those. Even if it were readily approved by the government, nothing will change in this regard until the new Sejm is appointed.

#### \* Effects of VAT Imposition on Import Duties

93EP0303A Warsaw GAZETA BANKOWA in Polish  
No 25, 18 Jun 93 p 3

[Article by Iwona Ryniewicz: "1:0 for the Producers: Duties 1 Point Lower; Rates Depend on the Amount of Added Value"]

[Text] The current schedule of customs duty was to be as high as possible, and, according to predictions, it could only be reduced. The new schedule, which goes into effect on 5 July 1993, is, as usual, a compromise between the conflicting interests of the various ministries, industries, producers, and importers. One thing is certain; the consumer will pay for everything.

#### A General Principle

The average duty is reduced in the new schedule by 1 percent, from 12 percent to 11 percent. Among the more than 15,000 items, there are some for which the duty increases by 15 percent, from 35 percent to 50 percent (that applies to fresh potatoes and potatoes processed into chips and string fries).

The new level of duties includes the degree of value added to the product. The lower it is, the lower the rate. For raw materials and semifinished goods not produced in Poland, the lowest rate is to apply; on the other hand, for products with high levels of value added and produced in Poland, the relatively highest rates are to apply.

#### According to the Farmers

Taking into account the suggestion of the Ministry of Agriculture and the Food Industry, the new duty schedule includes the following changes in relation to agricultural goods:

- A reduction in rates for raw materials and semifinished goods not produced in Poland and for goods that are in insufficient supply.
- An increase in the duty on goods, imports of which tend to limit domestic production.
- A variation in rates depending on the cultivation season (that applies to fruits and vegetables) and due to the packaging (for example, oils in bulk and in bottles).
- The introduction of additional customs charges for products whose production requires sugar.

Translating all that into street language, one can say that it will not pay to import tomatoes during their growing season in Poland and that the duty will increase for oils and beer.

Regarding sweetness, the additional customs charge will depend on the sugar content of the product and will be \$0.02 for each percent. A similar sum has been charged in the EC for years. For importers of those goods, that means it is necessary to state the sugar content. The agricultural lobby can regard the new customs schedule as its success.

#### And the Domestic Producers

Among the industrial goods, the tariff changes go in the following directions:

- A reduction of duty will apply to raw materials and materials, investment equipment, and finished electronic good not produced in Poland (for example, video cameras and television projection equipment).
- An increase in the rate for steel and metallurgical goods and textiles, but suspending the increases and keeping the current rates.

A zero customs rate is being introduced for the majority of raw materials and a reduced duty on raw materials for the chemical and pharmaceutical industries. Also, after 5 July, industrial machinery will be taxed at lower rates.

The new tariff is perhaps an attempt to reward domestic producers for the effects of the unlimited liberalization of imports introduced three years ago and the rate structure unfavorable to them (taxes on raw materials were frequently higher than for the finished products made from them). If now they still cannot meet the foreign competition, they can no longer point to the level of the customs rates.

#### Let the Quotas Live

After the duty-free quotas for cars, computers, and electronics, next was a paper quota. The Polish paper mills do not produce certain classes of paper, and all imports until now were covered by the duty. A quota does not provide any easing, but it opens a way for some publishers to reduce costs.

The quota for computer parts (imported from the EC) and electronics will increase from \$366 million to \$800 million. For domestic firms assembling computers, that quota offers little encouragement because the majority of the elements they use come for Southeast Asia, to which the quota does not apply.

Producers of electronic products will be able to import diodes and other semiconductor elements and more integrated circuits without duty.

#### Additional Duty

The dissolution of parliament prevented it from adopting laws extending the border tax. Instead of it, the government wants to introduce an additional duty of 6 percent regardless of the rates set forth in the new duty schedule. The additional duty will be collected regardless of whether the goods are exempt from duty either entirely or in part because the Committee on the Balance

of Payments of GATT, with which the move was agreed, required the Polish Government to cover all imports with that tax.

The additional duty was introduced during the transition period, and that means that there will not be any duty-free import for now. However, for importers, such a formula is better than the border tax. The border tax was calculated on the value of the goods plus the duty; the additional duty is calculated only on the value of the goods. The State Treasury will lose approximately 1 trillion zloty [Z].

The budget law for 1993 foresees that income from duties will make up 7.3 percent of the state income (or about Z31.6 trillion). From the frequently repeated opinions of the Main Customs Office, it is apparent that it could be two to three times higher if investments were made in the border crossings and the number of customs officers were increased. A year ago, there was talk of an investment on the order of Z1 to Z2 trillion, which the budget has so far not been able to afford.

#### Who Will Count It?

How much the state actually loses to smuggling is hard to calculate. The losses from the reduction of the value of imported goods and other forms of customs fraud is also not calculable for the simple reason that the majority of the fraud is never uncovered. Losses due to the excessive raising of customs duties, however, are calculable. The most drastic example is that of personal cars.

Poland, as is known, is seeking membership in GATT, which imposes the obligation on its members to formally announced the maximum customs rates for industrial articles. To meet that condition, the government intends to announce rates higher than the actual current rates for some products in order to leave itself a way to raise them in the future. That applies to the duty on textiles, copper, and steel.

It will not be easy to note the direct effects of the increase in duties—for example, on food articles—because it will coincide with the introduction of the VAT [value-added tax]. If, however, the new customs schedule contributes to the restructuring of the economy, its chief goal will have been achieved.

**\* Kovac's Presence at HZDS Congress Criticized**

93CH0742A Prague CESKY DENIK in Czech  
15 Jun 93 p 12

[Commentary by Premysl Svora: "President's Misstep"]

[Text] It is now 100 days since Michal Kovac assumed the presidential office. At present, he is the most popular politician in Slovakia. In March, the parliament elected him by more than a three-fifths majority after the defeat of Roman Kovac, the initial candidate of the HZDS [Movement for a Democratic Slovakia], in the first two rounds.

Immediately after he took office, M. Kovac terminated his membership in the HZDS, but, at the end of March, he attended the HZDS congress and sat right there with the presidium and not in the plenum, like the other guests. Outwardly, he is trying to conceal his ideological affinity with the movement he cofounded. He filled his office with people from various political parties, and on every occasion he emphasizes that, as president, he intends to be above partisan politics.

The first test for Kovac was the recall of M. Knazko, the chief of the Slovak diplomatic corps, whom Meciar removed from office. At that time, Kovac declared that Meciar had presented the conflict in terms of "either he or I." According to Kovac, the government could not continue without Meciar, and he therefore endorsed Knazko's dismissal. On the other hand, when Kovac wanted to project the image of an independent president, he did so by appointing the chief of the Slovak information service. Although Meciar had proposed his devoted follower Ivan Lexa for that office, under the pressure of all of the opposition, Kovac refused to appoint him and thus, for the first time in the office, failed to act in conformity with Meciar's wishes.

The president committed his most serious error by attending the Congress of Slovak Intelligentsia, which associates the militant, the so-called nationalistic-oriented, intellectuals. In addition to an appeal by Minister Slobodnik that they complete the creation of "at long last, a Slovak" television and radio, one of the prominent representatives of the congress, the publicist Roman Kalisky, repeated his appeal that the law for the protection of the Republic be enacted. "The fundamental political doctrine of the Slovak Republic must be determined by the supreme interests and needs of the Slovak nation. No one, neither the government nor the minister of foreign affairs, has the right to sign a blank check to get us to Strassbourg. Our domestic, foreign, economic, defense, and information policies will flounder if there is a lack of courage to adopt a law for the protection of our Republic," said Kalisky at the congress.

It was at the HZDS congress that President Kovac called for the establishment of an award "For Merit for Slovakia's Statehood." His address to the congress suggests which group he had selected for that particular honor. "It

is also your achievement that the Congress of Slovak Intelligentsia (KSI) is meeting today on the soil of the free and sovereign Slovak Republic. It is you, the Slovak intellectuals, who, at your first meeting in Donovaly (in May 1992), pointed out a possible solution to the constitutional controversies in the former Czechoslovakia. Time has proved you right and thus restored your reputation, which was being slandered and disparaged at that time," declared Kovac at the congress of the intellectuals. As it appears, that same social group was dissatisfied with the achievement of statehood and turned its anti-Czech attitudes in the direction against the so-called anti-Slovak elements.

Thus far, the Slovak president, whose office enjoys nearly 80 percent confidence, has acted irresolutely on the political scene. No matter how he tries to appear nonpartisan, his statements reveal that ideologically he is closest to the so-called nationalist wing of the so-called Slovak intelligentsia. If any group in society tries to act in a militant way and label every person with different views an enemy of society, that is not unusual. However, it is astonishing that its antidemocratic efforts have the support of a democratically elected president.

**\* Parliament Chairman on Slovak Situation**

93CH0756A Bratislava REPUBLIKA in Slovak  
21 Jun 93 p 8

[Interview with Ivan Gasparovic, chairman of the Slovak parliament, by Lubos Jurik; place and date not given: "Parliament in Year One"]

[Text] It is now a year since the free democratic elections, a year of the activity of the National Council of the Slovak Republic [NR SR] headed by Ivan Gasparovic. He is a member of the Movement for a Democratic Slovakia [HZDS]. Earlier he worked as an educator at the Comenius University College of Law. Since 1989 he has been prorektor of the Comenius University in Bratislava and was prosecutor general of the former CSFR. One year in a dynamic political life is time enough to evaluate and weigh the positive as well as the negative, while it is too short for passing a definitive judgment. Yet it offers an opportunity to look back, to try to draw a retrospective and chart the prospective.

[Jurik] Mr. Chairman, a year has passed since you were elected to a responsible political post in the highest legislative body of the SR, the NR SR. Where do you see that the work of the NR SR has made a contribution, and where do you see shortcomings?

[Gasparovic] This period of one year I would divide into two, about the same in duration: from the elections to the birth of an independent SR, and the period from 1 January 1993 to the present. The first part was characterized by intensive preparations for the establishment of an independent SR, negotiations with Czech partners, and all of the legislative groundwork needed not only to set up an independent republic but also to assure its

successful functioning. That first period also encompasses such important events as the Declaration on Slovak Sovereignty, but, above all, the drafting and adoption of the SR Constitution.

Following the establishment of an independent SR, new, anticipated as well as unanticipated problems emerged, which the NR SR had to resolve by initiating legislation. We recognized the responsibility that reality has placed on the deputies' shoulders. No longer could we rely on the Federal Assembly or the government, but, rather, we had to focus on preparing the groundwork for the economy, the state administration, privatization, the security forces, social organizations—simply, for the life of the entire society. The fundamental legal document is the Constitution of the SR, from which derives our legal order. But we must keep in mind that revamping the legal order in new political and historical circumstances is not without its problems. Perhaps I need not emphasize that we are living through a period of revolutionary change, that the entire legal system and ownership relations are changing from the ground up, that one social system is replacing another, and that all of that requires enormous effort. There are still laws on the books that originated in the previous political system and also laws adopted in the former federal republic. Those laws need to be amended or replaced with others corresponding to political and economic reality. So if I am to mention the positive, I must highlight the purposeful effort of the deputies to establish a legislative framework for the working of the independent republic and for the new sociopolitical conditions. But if I am to refer also to shortcomings, then I have to say that the floor of the parliament has become a battleground for political disputes, which ultimately slow down the work of the NR SR.

[Jurik] The political makeup of the parliament reflects the political forces and voter opinion in the last elections. In them, the largest number of seats was won by the Movement for a Democratic Slovakia [HZDS], yet, in the adoption of important laws, the HZDS, too, must cooperate with other political parties. It is frequently a complicated process demanding much political tact and parliamentary diplomacy. How do you evaluate the work of the NR SR from that perspective?

[Gasparovic] Let us proceed from the fact that the elections have established a legitimate, unchallengeable basis for the present composition of the NR. The elections reflected the opinion and feelings of the voters, and their will had to be respected in filling deputy seats and, subsequently, in forming the government. Such is the reality, and from it unfolds the political life of Slovakia. And that goes for the parliament as well. But I should like to say that the drafting and the adoption of laws is in no way the domain of a single party or an exclusive affair of the HZDS. After all, that is a concern of the entire Republic, of all of the citizens of Slovakia, of all of the political subjects who represent those citizens in the parliament. A plurality of opinions mirrors the diversity of views in the society and reflects the variety of social

opinions and moods. So let us not expect that the parliament will conduct itself as a single-minded unit. That would be returning to the old practices. I might say that the parliament, thank God, is the way it is—meaning frequently engaged in polemics and controversy, that we have in it polemics and often even passionate discussions and disputes. It is good that way, and it is the way it should be. On the other hand, it is an objective fact that that very democratic manner of thought and conduct is paradoxically a certain obstacle to the more rapid adoption of laws. Then what is needed is, as you put it, parliamentary diplomacy—in other words, a bringing together of several political parties to push for a law and assure its adoption. Parliamentary democracy brings with it a number of risks, one of them being that the intentions of the party holding the most seats in the parliament need not be always carried out. But, facing those risks and having debates is better than mechanical yes-manship and manipulation.

[Jurik] The system of parliamentary democracy you mentioned also includes the indispensable opposition. That is not just an expression of the new political system but also an incessant struggle for power positions. Indeed, such is the logic of power: It is in incessant confrontation with the opposition. The opposition parties in the NR SR do their opposing and serve as a useful corrective and a strict overseer, but sometimes they act rather as an opposition for opposition's sake, without regard to the merits of the issue. What is your opinion?

[Gasparovic] When I was talking of certain pitfalls of parliamentary democracy, I had in mind implicitly also the opposition. The opposition is an indispensable component of the parliament in a democratic society and is without any doubt a part of the NR SR. Opposition parties in the NR SR participate intensively in committee activities, present legislative drafts, and take part in the domestic as well as the foreign policy work of the NR SR. But I must say that sometimes the conduct of the opposition is indeed motivated by expediency, that deputies take negative stands for reasons of principle rather than logic, as if they were not concerned with the public good but only with demonstrating their opposition, collecting political and election points. Surely they are entitled to do so, only I believe that they ought to concentrate on the interests of the SR! On the general interest of all citizens, not on petty partisan gain or narrowly personal interests and advantages. Do you misunderstand me? I am not appealing for some imaginary, complete unity—that would contradict the pluralist democratic principle—but I want only to say that more generosity and political predictability would be in order. It would be wrong and mistaken to believe that some group of people are out for power without regard to how it is to be used, that power exists for the sake of power. The interest of the whole society—that is, economic, social, foreign policy, and other interests—requires cooperation among all political subjects, regardless of their political programs, the more so because the programs of political parties are essentially akin, at least

in regard to the stability and prosperity of Slovakia. The old saw that we are all in the same boat seems hackneyed to me, but sometimes I do think that not all of us are in that boat. If we really were in the same boat, a part of the crew would not be trying to steer the boat into the shallows, not to say directly into a cliff, into catastrophe. The political scene is changing, and there is nothing extraordinary about that. I believe that the government Cabinet could work successfully even if ministers were from several parties and movements. Developments are objectively moving toward that point.

[Jurik] The activity of the NR SR is not limited to legislation and operating on the domestic scene, but also extends abroad. I have in mind direct contacts with parliaments of other countries and initiatives concerning entry of the SR into international institutions. What does the year's balance sheet say about that?

[Gasparovic] Here, too, we must recognize that the powers, the authority, and the responsibilities of the NR SR were one thing until the establishment of an independent republic and a different thing afterward. While, until January 1993, we, together with the government, were developing initiatives to get the SR recognized by other countries of the world, since 1 January 1993, we have been focusing on efforts to get the SR admitted to international structures and, from our point of view, establish closer cooperation with other parliaments.

We regard as most successful visits on the highest level in Strasbourg, Prague, Budapest, and also Washington and Ankara, and in New Delhi, where we became a member of the Interparliamentary Union. Our efforts were directed toward Slovakia's admission to the Council of Europe. I trust that that complicated admission procedure will be concluded in June of this year. Apart from that, a great deal of foreign political activity is also carried on by other committees of the NR SR, not only by the chairman and the foreign affairs committee. Virtually every week our deputies travel abroad, are members or observers in various international organizations, and are involved in the work of the CSCE, the EC, the Western European Union, the Visegrad Four, and many others. The basic concept of our foreign policy proceeds from the principle of friendly relations with all nations and countries of the world. The SR has no territorial claims, has no aggressive intentions and no reason for hostile conduct toward anyone.

Parliamentary diplomacy is active unceasingly. Further contacts and visits are awaiting us in several countries—in Austria, Belarus, Poland, Cyprus, Germany, China, France... I want to note that the successful international contacts serve as evidence that the SR has become a part of the world community, that no one is intent on discriminating against us—what some false prophets predicted some time ago. On this occasion, I cannot help observing that the foreign policy activity of our parliament and, with it, the picture of Slovakia in the world has unfortunately been painted in very negative colors by our Hungarian colleagues. During negotiations—for

instance, in the Council of Europe—they often caused us difficulties by presenting false and self-serving information. They magnified certain problems and artificially created others. But they did not realize that they, too, are, above all, citizens of the SR and that what harms Slovakia in the final analysis harms them, too. Foreign policy is not a priority concern for the NR SR. Our activities there must be coordinated with the work of the SR Foreign Ministry, the government, and now also the Office of the SR President.

[Jurik] As chairman of the NR SR, you come into contact with a great variety of people, representatives of many organizations with different interests and needs, and you have to solve knotty problems. One could say that you are in everyday contact with the nervous system of our society, its organs, its blood and brain. From that vantage point, how do you evaluate the situation of our society?

[Gasparovic] I have always tried to be, above all, a realist. That means judging the given state of affairs objectively and honestly, without embellishment or exaggeration and also without succumbing to destructive moods, to feelings of apathy and indifference. The function of chairman of the NR SR is not only proposing and adopting legislation, but also live and indeed daily contact with society, with individuals as well as collectives, with political parties, politicians, statesmen, diplomats, and quite ordinary people. It is often said, sometimes quite justly, that politicians are separated from reality, that they do not know about real life, that they are closeted in their offices. I take great care not to have something similar happen to me, but I believe I am not in danger of that happening. I try to carry out my political office as a complex of activities, not separating or closeting myself. It would not be hard to analyze why the Slovak economy has run into difficulties. Put simply, it is the consequence of a general economic recession, the transition from a planned to a market economy. And the division of the federation contributed, too. In addition, we were affected by a poorly-thought-out conversion and the resulting unemployment, the collapse of eastern markets, the cautious EC approach to postcommunist countries. We get the approximate picture of what we are going through. But let us not hide the truth from ourselves; we caused many problems ourselves by incompetent decisions, haste, and insufficient professionalism. We are not succeeding in eliminating bureaucracy, corruption, or crime. Privatization is proceeding slowly and raising many doubts. In our mindset, in our psyche, and in our actions, there are still survivals of the old schemes, and we find it very difficult to overcome internal barriers. The sooner we overcome them, the better. Often I hear talk about apathy, indifference, a lack of interest, resignation, and the like. I do not believe it is in our national character to succumb to some kind of fatalistic passivity. Rather, the contrary: Difficulties must stimulate us to show our abilities as a nation, as an independent republic. There is no other way for us.

[Jurik] Lately, the possibility of early elections is being mentioned as a consequence of changed forces in the parliament. That comes primarily from the deputies and politicians of the opposition, nongovernment parties who point to a need for early elections. What is your opinion?

[Gasparovic] In political life, early elections are not unusual. A pluralist democratic system does not exclude such a possibility. Indeed, in many countries it is political reality, to mention only our northern neighbor, Poland. But it ought to be kept in mind that calling early elections must be based on solid reason. They are called when the parliament ceases to be functional, when the entire political mechanism enters a state of crisis. In Slovakia, early elections to the parliament are the last thing we need right now! Early elections are an issue raised by politicians who seek to profit from the situation and are primarily concerned with strengthening their own positions. I should like to note that the Constitution of the SR speaks of a four-year mandate for deputies, and, if we were about to call an early election, the NR SR would have to adopt a constitutional act. Ninety votes are required for approval of a constitutional act, and, given the present distribution of forces, such an act would not pass. Early elections could destabilize the entire society, the government as well as parliament, and call into question Slovakia's trustworthiness in the eyes of foreign investors. Quite apart from that, even after an eventual election, the relation of forces would not change that much. At this moment, I do not see a reason for calling early elections.

#### \* Coalition Negotiations Run Into Obstacles

93CH0819A Frankfurt/Main FRANKFURTER  
ALLGEMEINE in German 12 Jul 93 p 4

[Article by Berthold Kohler: "The Planned Alliance Is Still Getting Warmed Up"]

[Text] Bratislava, 11 Jul—If the establishment of a governing coalition were as simple as creating the lineup for a soccer team, Slovak Prime Minister Meciar would have been rid of many of his worries since last week already. The all-party team of the Slovak parliament, which is to defend the soccer honor of Slovakia against a team made up of members of the British Lower House, found common ground in a single afternoon under the proficient direction of the trainer of the "Slovan Bratislava" soccer team. By contrast, the planned alliance of Meciar's "Movement for a Democratic Slovakia" (HZDS) and the "Slovak National Party" (SNS) is still getting warmed up. And its tasking is also incomparably more difficult, viz. leading Slovakia out of a deep economic crisis. Anyone who employs the wrong tactics in this game can probably give up his political career entirely in favor of sports activities following the next elections.

Former amateur boxer Meciar apparently does not find this prospect very attractive. For weeks, his HZDS has

been trying to get the SNS to enter into a firm coalition. With the 14 SNS representatives, Meciar's HZDS would then once again have a majority in the Slovak parliament (namely 80 of 150 seats), a feeling which the prime minister has had to forgo since the middle of March. At that time, primarily in protest to Meciar's autocratic political style, Economics Minister and SNS Chairman Cernak left the cabinet and by so doing terminated the informal coalition. It was only a short time later that HZDS Deputy Chairman and Foreign Minister Knazko, following a (personal) argument, also parted company with Meciar, taking seven other representatives of the HZDS with him. The fact that Meciar's minority government (66 seats) was nevertheless not subsequently overthrown was related to the irreconcilable political programs of the various opposition parties, but even more to their fear of assuming the reins of government under the worst economic and social circumstances imaginable.

For the economic sacrifices which the population of Slovakia is currently, and most likely also in the foreseeable future, having to make go far beyond what was intimated in a very veiled fashion by the HZDS during the campaign. The budget deficit that has grown drastically during the last 12 months is forcing the government to adopt a rigid austerity program, particularly in the social sector. The privatization of industry has almost come to a standstill, causing production and the gross national product to shrink further. If the unprofitable large concerns are privatized, experts anticipate an increase in unemployment to between 18 and 22 percent. The devaluation of the Slovak crown by 10 percent agreed upon with the International Monetary Fund will initially cause the cost of living to go up still further. For prestige reasons alone, the government wanted to avoid taking this necessary step; the inevitable comparison with the Czech "economic miracle worker" hangs over Bratislava like a hail cloud in August. Through the almost endlessly repeated assurances that no devaluation would be necessary, the government itself caused this move to become a symbol of the failure of its economic policy.

In view of the existing and still threatening difficulties, it surprises no one in Bratislava that, despite the lack of a desire by the opposition to overthrow him, Meciar is trying to gain a secure majority in the parliament. The SNS, which also during its "opposition days" flirted repeatedly with the HZDS, wants above all to gain a new profile through participation in the government. Once the primary goal of its political program, the independence of Slovakia, was achieved, the party drifted somewhat aimlessly through Slovak politics. Its chairman, Cernak, now wants to turn it into an economic party, one situated "just to the right of center," which is to pursue liberal economic concepts. The trained electrician and economist will probably take over the position of deputy prime minister, who would be responsible for economic questions. The Economics Ministry, as well, is once again to come under the control of the SNS, which wants



to open up the country more than in the past to urgently needed foreign investments and accelerate the privatization of the economy. The HZDS continues to view this task as its very own domain, however. It is precisely in the sector of economic reforms, therefore, that opposition politicians see a predestined breaking point for the new alliance. For still wandering like a ghost through the heterogeneous but, if anything, left-oriented HZDS are ideas of a "third course" between socialism and capitalism that Slovakia could take. "The problems will increase, but the competence of the government to solve them is slight," says the deputy chairman of the "conservative-democratic party," Miklos.

Viewed by insiders as well as observers as just as likely to lead to conflicts is the leadership style of the prime minister. "Anyone who knows Meciar as well as I do knows that there could be problems there," says Cernak, who "does not want to make the same mistake twice." Well acquainted with the lone-warrior mentality of Meciar, the SNS demands a clear coalition agreement on information and cooperation mechanisms. This agreement's completion, actually planned for the past weekend, was already prevented by the first precoalition row. In order to preclude further "desertions" like those of Knazko and dismissed Privatization Minister Dolgos, and deprive them of political effectiveness, the HZDS wants to make it illegal for renegade representatives to "take along" their mandates to other parties. Originally, it was even planned to make this provision retroactive. Opposed to both initiatives is the SNS, which considers this plan to be unconstitutional.

The chairman of the national party realizes that the SNS, through linking its own destiny to that of the HZDS, is in any case taking a high political risk. Since the elections, the HZDS has continuously lost in popularity among the populace. The SNS, on the other hand, did somewhat better in polls after Cernak left the government the first time. Nevertheless, the SNS chairman does not see a viable alternative to joining in the coalition, either for the party or for the country: "The overthrow of Meciar would not only be his own downfall but also that of independent Slovakia."

#### **\* Dispute Over Gabcikovo Dam Continues**

##### **\* Ecological Conference**

93CH0760A Bratislava REPUBLIKA in Slovak  
23 Jun 93 p 8

[Article by Edita Panyikova: "The Upper Delta Is Reviving"]

[Text] The organizers of the conference—the Christian Democratic Association of Ecologists of Slovakia, the Ministry of the Environment of the SR [Slovak Republic], the Water Management Construction state enterprise, the European Democratic Union, the Hans Seidl Foundation, the Green Party of Slovakia, and the City University of Bratislava—laid out the goals of the

conference as collecting and discussing data on the past, the present, and the future of the economic exploitation of the Danube and the effects of that activity on the ecology of the surrounding region. A solution of those problems on the basis of broad international cooperation can stimulate beneficial cooperation in other areas of life as well.

The experience of the Bavarian ecologists, who have long since revitalized their dams, can have great importance for maintaining the continuing development and a high standard of the ecology in connection with our water projects. The deputy of the German Ministry of the Environment in Munich, D. Engelhart, provided information on their experiences. The Austrian guest A. Zinke warned of the possible risks and chances of the development of the Danube in connection with the Gabcikovo water project. Information on monitoring the waters in Great Britain was provided by P. Chave of the National Rivers Authority in Bristol. The main idea of that practice is the utilization of waters from the standpoint of their classification (fisheries ecosystems, drinking water, agricultural water, water for navigation, and water recreation). The quality of the water is judged from the standpoint of its chemical, biological, nutritional, and esthetic properties. Water samples are obtained through static collectors located on the banks and mobile collectors on the water. In the initial period of operating the water project here, a coordinating council has been formed for monitoring. Plans are also being made to create data bases on the VD [water projects].

There was truly a lot to discuss; the discussions before the last day of the conference even lasted until morning! The interesting and polemic lecture by P. Andor Farkas of Reflex EPS in the Hungarian city of Gyöeri dealt with the recreational public. It was directed at the consequences of putting the Gabcikovo VD into operation. "In the region of Szigetköz along the Danube, the groundwater level dropped to 1 to 2 meters, even down to the gravel layer, and, at greater distances from the Danube, it went down to a depth of 0.5 meters. Two days after drawing off the water, we noted losses of 2,000 hectares of wetlands. Poachers fished out 40 tons of fish that had ended up in the shallows. Szigetköz is a truly valuable agricultural area in Hungary, in which we predict a decline in agricultural production of up to 50 percent as a consequence of implementing the water project, and certain social consequences will arise from that," he said.

The participants of the international conference were able to convince themselves with their own eyes of the current reality of the Gabcikovo water project during an excursion to that area. Each water project brings positive and negative effects. The revitalization of nature cannot be done from one day to the next. The experiences from German and Russian dams, where life has long since blossomed in full flood and brings with it also many new job opportunities, show that the construction of dams does not have to mean a countryside that looks like a



lunar desert. (Even when the Gabčíkovo VD was being put into operation, I convinced myself with my own eyes that an unusual number of waterfowl appeared on the waters of the Danube.)

"The Gabčíkovo water project is getting negative criticism from all sides," noted one of the conference's participants. "Few people stop to think, however, that the creation of sporting and recreational facilities, as well as economic activities, gives people a lot of job and sporting and recreational opportunities," he stated. (We gave more details about those plans in one part of our series "Hidden Treasures of Slovakia.") Stabilization of the water level at the dam will also have a positive effect on the climate, which will show less fluctuation, and thus on the soil as well. The soil of Zina Island is the highest quality to be found in the Republic in terms of soil potential. The drying out of the watershed of the Danube and the dying off of the meadow forests there are supposed to be prevented in the future by the project of isolating the tributary system and replenishing it by water from the tributary watershed, as well as by raising the level in the old Danube riverbed. Weirs are to be constructed for that purpose in the Danube tributaries, which will solve the present problem. In the old Danube riverbed, it is already possible to flood the entire bordering territory. At present, only very dried out lands are being replenished with water, according to Jan Sumbal of the Water Management Research Institute [VUVH] in Bratislava. The agreement of the Hungarians is important for speeding up the release of rescue operations of the hydrological situation, the forests, and the fish in the tributary network. Delaying those processes is harmful to both of the involved parties. To ensure the active migration of fish in the Danube tributaries, the employees of the VUVH have proposed the construction of fish ladders at the dams and fish channels in the tributary system. Approaches to the river falls are supposed to be provided by the construction of dams at the 1,818- and the 1,828-river-kilometer points and, according to the Hungarians, at the 1,843-kilometer point, which would also make use of the Dunakiliti. Plans are also being made to implement the intentions of creating a protected countryside area in the form of a national park from the Gabčíkovo water project and the surrounding tributaries. The famous Hrusov recreational center is supposed to be recreated in it. Only sporting and recreation activities that do not harm nature, such as water tourism, would be allowed, however. Capital investment projects by the participating countries are important for the protection of the Danube and the Black Sea, which the Danube is polluting significantly through its waters. Diagnostic missions, regional studies, and projects to deal with accidents can also help. One of the first of the polluters of the Danube's waters to sign on for protective activities is Slovnaft, which has become a member of the Association of Industry and the Protection of Nature. Its activities have also taken the form of financial assistance for the purpose of protection, specifically replenishing the dried up Biskupický tributary.

Disagreement accompanied the presentation of Dr. Gerit P. Hekster from the Dutch Ministry of the Environment, who gave his markedly biased and distorted conclusions and recommendations at the end of the conference. The audience could not avoid getting the impression that those conclusions had been influenced by the disinformational viewpoints of some of our Hungarian politicians. One can accept them as subjective opinion but not as recommendations for further actions.

The conference arrived at the conclusion that it is necessary to work up a law that would determine a mechanism for providing information on the status of the environment and likewise speed up the approval of a law on the effect of capital construction on the environment. The Ministry of Agriculture of the SR and the MZP [Ministry of the Environment] of the SR will regularly call together conferences on pressing environmental problems. In the conceptual principles of the state's economic policy, we must take into consideration global climatic changes and the conceptual principles for water management policies and work out analyses of the climatic and hydrological changes in Slovakia. The conclusions of this conference on the Danube's ecology called for the formation of a commission of tap experts who are working on environmental questions. It is important to intensify the cooperation of the Slovak and Hungarian specialists in resolving the Danube's ecological problems, especially those connected with the Gabčíkovo water project. It is necessary that discussions be accelerated on the proposal for the CHKO [Protected Countryside Region] of the Danube lowlands area. That goal will also be pursued by partial supporting steps, comprehensive monitoring of the region and informing the public of its results.

We believe that the unique upper delta of the Danube River will, thanks to that step, eventually again become an oasis of green, of water, of sports, of recreation, and of life....

#### \* Back to Square One

93CH0760B Bratislava NARODNA OBRODA in Slovak  
23 Jun 93 p 3

[Commentary by Peter Fridner: "The Danube Stalemate Continues"]

[Text] At the end of last week in Bratislava and its environs, at least two Slovak-Hungarian discussions on the subject of the Gabčíkovo water project took place. In Casta-Papiernicka, there was a meeting to adjudicate that thorny subject, and, at the Ministry of Foreign Affairs of the SR in the Kramary section of Bratislava, experts were entrusted with discussing the questions of the temporary arrangement on water. Under normal circumstances, there would be a certain hope in the fact that the larger political and legal questions were referred to the International Court of Justice in The Hague, so that the possibility arose of discussing the significant technical problems. Finally, even in the composition of

the delegations, one could count more people than usual who know their way around in the special problem area of water projects.

Unfortunately, the hope was only theoretical. In a situation where the Hungarian participants in the discussions were bound by a resolution of their parliament of April 1991 ordering them to discuss solely and exclusively getting rid of the Danube project, there was not much room left for agreement.

The opening subject was a change in the water-management conditions of the land lying along the Danube on the Hungarian side, known as Szigetkoz (Little Zitny Island). Reducing the flow in the old riverbed after the damming at Cunove has reduced the quantity of water flowing into part of its tributary system, and, on about one-third of the affected land, the level of the subsurface waters has dropped. Both sides agree with the fact that the situation needs to be corrected, but there is a substantial difference in how that should be done. (Just as an aside, there was no Hungarian representative who was heard admitting to the fact that, in at least a large part of Szigetkoz, conditions had improved just because of the damming action.)

The Hungarians reject any kind of technical actions and only want more water. On the other hand, the Slovaks need a substantial part of the flow for diversion into the canal and for the hydroelectric plant. They maintain that meeting the Hungarian demands, also supported by the EC Commission, would deprive Slovakia of 1.2 billion kilowatt-hours of energy annually and even then would not resolve the situation at Szigetkoz.

So we are once again right where we were. Opposite the proposal for a bilaterally advantageous solution to the situation stands the EC's proposal, which, as far as we know about it, was originally worked out in Hungary. The better connections in Brussels are being played as a trump card against the owners of the "lock to Gabcikovo" (the Hungarians voluntarily threw away their key when they refused to put the Dunakiliti weir into operation).

Despite the technical nature of the last meetings, there was still no success in keeping the devil's hand of politics out of them. It beat down the initiative of some Hungarian water managers aimed at constructing at least one, for now experimental, dam above Dunakiliti. Neither in Bratislava nor in Papiernicka could there even be any discussion about that. But so it does not look so bleak, it seems to me that I noted at least something positive. The vice chairman of the Hungarian parliamentary commission complained that the tributaries to the Danube from the Slovak side are supplied with substantially better water than on the Hungarian side and demanded an adjustment. So the Hungarian deputy noticed that the effects of a water project can also be good ones; with time, the conviction could grow that something similar would also not hurt on the right bank of the river.

For that, however, we need a change not in the Hungarian experts but in the political approach.

## \* Controversy Over Accuracy of Newspaper Reporting

### \* Government Support Needed

93CH0761A Bratislava REPUBLIKA in Slovak  
11 Jun 93 p 1

[Editorial by REPUBLIKA's editor in chief, Jan Smolec: "A Public Matter"]

[Text] What's with our newspapermen? That question comes up very persistently these days in the editorial board.

Slovak statehood was and still is an unwanted child. Part of the Slovak newspaper community also approaches it with rancor. It would most gladly burn at the state of Slovak sovereignty those people who strove for Slovak statehood. Let us recall their catastrophic visions of a year ago. Some of our colleagues are still building their reputations on only a negativistic approach, particularly toward the current government. Even though the government has taken up 22 pressing questions, the journalists have concentrated only on the recall of the minister of health. They are making martyrs of the recalled hospital directors. Somehow it does not interest them that, besides their "directing," they worked, for example, on jobs outside their duties. That is in conflict with the Labor Code. One of them thought that 0.4 of a job was enough for heading up the largest hospital!

The readers, the listeners, and the TV viewers often lose the overall view of things. They are not informed at all about the positive steps in society. Similar approaches by the newspapers, to put it figuratively, drain the humanity out of people and fill their consciousness with uncertainty and fear.

In REPUBLIKA, we are rejecting negativistic journalism. Starting today we want to offer the government space to explain their approaches, measures, and steps. In our mass media market, there are newspapers of the opposition, the left, the right, independents, trade unions, the youth, and even anti-Slovaks... Obviously we are lacking a progovernment newspaper.

REPUBLIKA wants to be that. It has decided to defend the Slovak truth vigorously and enthusiastically but, at the same time, democratically and respectably.

### \* REPUBLIKA's Approach Criticized

93CH0761B Bratislava SLOVENSKY DENNIK in Slovak  
12 Jun 93 p 2

[Commentary by Robert Rom: "Will the Government Again Have Its Own Daily Newspaper?"]

[Text] "What is it with our newspapermen," the appointed chief editor of the daily reporting newspaper REPUBLIKA, Mr. Smolec, asked recently. It is hard to say, the representatives of the other periodicals might respond, because it is not at all easy to understand what lines that

daily newspaper should be pushing in the interests of democracy. Mr. Smolec complained in his short opening piece of Friday, 11 June, that Slovak statehood has been and still is an unwanted child. Supposedly part of the Slovak newspaper community is also behaving toward it with rancor. Mr. Smolec further writes that they would most gladly burn at the stake of Slovak sovereignty those people who strove for Slovak statehood. There is no indication what information sources the fresh-baked chief of REPUBLIKA drew on, but, as far as the journalistic community knows, no one brought the existence of an independent Slovakia into doubt, and its birth was even welcomed by the opposition parties, which did not make any secret of their other project for self-determination and the emancipation of the Slovak nation.

Further on in the lead article of Mr. Chief Editor of REPUBLIKA Smolec, we find out that that daily is rejecting negativistic journalism. The very idea behind the sentence could be doubted because, according to the latest polls, in a democratic society a positive press is the most popular one—and mainly when there is nothing to praise. If I properly understood the basic tone of the author, who admits, although we do not know if willingly or unwillingly, that, in our mass media market, there are newspapers of the opposition, the left, the right, independents, trade unions, the youth, and even anti-Slovaks, there is apparently a lack of a progovernment newspaper. According to the spectrum of political orientation of periodicals the chief editor enumerated, it is apparent that the government policy not only is not an oppositional one (which is entirely natural) but is also not even leftist, rightist, independent, trade unionist, youth-oriented, or even anti-Slovak. So, probably only the devil could recognize a democratization of Slovakia in that strange interpretation. It is rather a demonstration of how perfect chaos can be made of pluralism, and that as a tactical move by the government because REPUBLIKA does not hide the fact that it wants to be the government's newspaper. That is exactly what we finally succeeded in throwing out at the end of 1989 and in laughing at similar ideological nonsense. However, it appears that, after the fall of "democracy," in the June elections of 1990, we are waiting for a "comeback" of a theory the civilized world buried decades ago. It is possible to agree only with the fact that REPUBLIKA decided to defend Slovak truth vigorously and enthusiastically, but, at the same time, democratically and respectably. If our new colleagues mean that seriously, it is not understandable that they truly would want to be a government newspaper because the government does not represent exactly what chief editor Smolec would want to represent on the pages of his daily.

#### \* International Monetary Fund 'Soft' Loan Scrutinized

93CH0758B Prague MLADA FRONTA DNES in Czech  
19 Jun 93 p 9

[Article by Marta Ruzickova and Tomas Marek: "The International Monetary Fund Loan to Slovakia Is Suspect"]

[Text] Bratislava, Prague—The border between East Europe and West Europe runs through the Silesian-Moravian borderland. That was confirmed by the results of the Bratislava visit of the IMF mission this week.

By its decision to offer the Slovak Republic financial assistance, a so-called Systemic Transformation Facility (STF), the International Monetary Fund placed the eastern neighbor of the Czech Republic among a group of countries for which it has created less stringent conditions for granting financial loans. That is primarily a matter of a longer payoff time (up to 10 years) as well as less stringent conditions, which the governments of the receiving countries must pledge to meet (the classic requirement to keep the state budget deficit under 5 percent of the gross domestic product—in other words, approximately 16 billion Slovak korunas [Sk]—remains in force). Similar countries include Kirgizia, which has already received financial aid within the framework of the STF. After Slovakia, consideration is being given to granting that kind of assistance to Kazakhstan and possibly even to Russia, provided that country proves capable of renewing at least the fundamental level of its macroeconomic stability. At the Slovak Government level, the results of the IMF mission are being perceived in a positive manner and are even being viewed as a certain form of victory applicable to the economic policy on which the Cabinet embarked following the separation of the currencies.

Banking experts in Prague, however, do not have a very good opinion regarding STF loans. In their opinion, that is one of the procedures used by the IMF with countries in which it does not have too much confidence at present. The IMF expects that, one way or another, the loan will be exhausted in an unproductive manner. Even if the current government were to focus it upon the strengthening of foreign-exchange reserves and the maintenance of internal convertibility of the Slovak koruna, it is very likely that some \$90 million will gradually melt away without having a specific effect. The majority of specialists outside of Slovakia—but, in the final analysis, even those in the Bratislava opposition—figure that, without devaluation of the currency, the stability of the koruna cannot be maintained for long. Expert opinion differs when it comes to the substitute solution of imposing import surtaxes. According to some, that is an inadequate step; others see a guarantee for success in it. It is true that it will not have such a specific inflationary impact as would devaluation; however, in contrast to devaluation, it would limit imports but would not support exports and would not have such a substantial effect on domestic revival.

For the time being, the detailed conditions under which the IMF would release its \$90 million are not known. Reports on spending cuts and social expenditures come to mind; that is something that the government decision to return some materials to the Ministry of Labor and Social Affairs as being "insufficiently restrictive" had already indicated. Nevertheless, it can be expected that that is still a "soft" loan and that conditions for a subsequent loan will be recognizably tougher.

**\* Czech-Slovak Economic Diversity Increasing**

93CH0758A Prague LIDOVE NOVINY in Czech  
18 Jun 93 p 8

[Article by Josef Kotrba, Charles University, Prague:  
"Czech-Slovak Differences Are Growing"]

[Text] Data on economic developments in the Slovak Republic [SR] reach us here with considerable delay, so it is difficult to make any solidly documented and at the same time topical comparisons. In this article, I shall restrict myself to the first quarter of this year. It is possible that the trends that have become discernible in this period have only limited validity. We know that Czech statistics during this period reported a number of anomalies brought about by the anticipated separation of the currencies, by the introduction of new taxes, and so forth. However, those influences were similar for both economies; if the Czech and Slovak economies reacted to them differently, that is an indication of the differences in their ability to adapt and, in the final analysis, even attests to the ability to exist independently.

In both republics, statistics indicated a decline in industrial production, construction, and agricultural production. Where production during the fourth quarter of last year had been above the level of the final quarter of 1991, the first quarter of this year saw fewer products produced than was the case for the same period in 1992. In the debate regarding the realistic nature of that decline, a whole series of arguments was used, the majority of which are applicable equally to Slovakia: Even there, small and statistically more difficult to record enterprises are taking on more importance; even there, the enterprises were holding back exports before the separation of the currency, and so forth. However, the decline in Slovakia was substantially deeper: The difference between the indices of production for both republics ranged from 6 percent (for example, in railroad transportation or in the construction industry) to more than 22 percent (in industry). It is questionable whether such differences can be explained only by referring to the collapse of Slovak statistics. The Slovak economy (in contrast to the Czech economy) is showing a whole series of other signs that normally accompany an economic depression.

The most significant signals of crisis include a sharp decline in demand for imported goods and the collapse of the revenue side of the Slovak state budget. According to data published in the Bulletin of the Czech Statistical Office, imports to Slovakia (excluding imports from the Czech Republic [CR]) for the first three months of this year amounted to a mere 72.8 percent of the imports reported for the same period of last year. For purposes of comparison, that figure was 122.4 percent in the CR—in other words, virtually one-fourth more than was the case last year. If that leap were to reflect the actual situation (these are preliminary data), that would signal a situation that is close to economic disaster. In view of the fact that consumer demand (measured according to monetary

expenditures by the population) increased and did so more than was the case in the CR, it is possible to judge that that failure was somewhat less intensive and that it was partially brought about as a result of imports accomplished via our republic.

The collapse of the revenue side of the state budget—in Slovakia, a mere 16 percent of the annual revenue quota was collected for the first quarter—is obviously also a somewhat magnified signal of an economic crisis. An increase in retail sales, given the current drop in revenues based on the consumer tax and the gross domestic product, clearly points to the fact that the Slovak tax authorities are responsible for the low revenues flowing to the budget; for the first three months, in the CR, the state budget received 178 korunas [Kc] per Kc1,000 of retail sales; in Slovakia, the state budget received only 67 Slovak korunas [Sk]. A shortage of federal, but actually Czech, know-how here can be a real key problem. Another problem, of course, is the fact that the Slovak budget is compelled to survive for the first time without adequate resources from the federal money pipeline.

For the present, I have mentioned more those factors that tend to mitigate the crisis signals coming from the Slovak economy. But there are even factors that have the contrary effect. If the rise in retail trade and expenditures made by the population attests to the fact that, instead of there being an economic crisis and a 30-percent drop in industrial production there was only a violation of statistical procedures, the decline in savings brings that question into doubt. Compared to January, savings declined by Sk4 billion, which represents more than 10 percent of retail sales. Slovak consumers are thus eating up their accumulated savings, which is something that cannot sustain the long-term stability of consumer demand. If the Slovak economy as a whole does not recover, a decline can be anticipated even in that department. On the other hand, the decline in savings in the Czech economy was negligible for the first quarter, and expenditures rose only to the extent incomes so permitted. Another negative manifestation that became discernible during the first quarter is the higher measure of inflation. Compared to the CR, the intermonth rate of inflation in Slovakia was approximately 0.4 percent; in April, it was about 0.6 percent. If inflation in Slovakia in the coming months of the year was higher by only that 0.4 percentage point per month, the annual rate of inflation there would be 6 percent greater than it is in the CR. The growing deficit of the Slovak state budget and the shortage of resources held by Slovak commercial banks, however, will very likely compel the inflationary printing of money, so the final difference between inflation in both of the republics could be greater even by an order of magnitude.

The economic situation in Slovakia is serious and, in contrast to that in the CR, is showing no signs of improvement. Over the next few months, it can be anticipated that economic developments in Slovakia will definitely be diverging from economic developments in the Czech economy.

[Box, p 8]

## Production and Demand During the First Quarter

Indicator	Unit of Measure	CR		SR	
		Absolute	%	Absolute	%
Industrial production	Billion Kc/Sk	226.6	94.3	85.2	71.8
Construction output	Billion Kc/Sk	19.4	90.5	9.4	84.9
Railroad freight car loadings	Million tons	24.4	96.7	8.4	90.9
Highway transportation	Million tons	14.9	72.7	8.6	61.3
Retail sales	Billion Kc/Sk	89.7	101.0	38.7	109.4
Total exports	Billion Kc/Sk	80.5	113.7	16.3	90.1
Total imports	Billion Kc/Sk	70.5	122.0	15.9	72.8
Population income	Billion Kc/Sk	128.1	119.5	54.9	114.8
Population expenditures	Billion Kc/Sk	128.5	124.7	58.9	129.1
Changes in population savings	Billion Kc/Sk	- 0.4			- 4.0

For the first quarter, Slovak statistics signaled an unfavorable development. The facts are obviously less threatening but nevertheless constitute a warning. The columns under percent contain the figure indicating the relationship between that indicator during the first quarter of this year and its magnitude in the same period of last year. For

foreign trade, these indexes are computed without any mutual trade between the CR and the SR because no comparable data are available for last year covering exports and imports overall (in other words, exports and imports including the CR and the SR).

[Box, p 8]

Principal Macroeconomic Indicators for the Period  
January Through April 1993

Indicator	January	February	March	April
Inflation in CR (in %)	8.5	1.3	0.6	0.6
Inflation in SR (in %)	8.9	1.6	1.0	1.2
Unemployment in CR (in %)	3.0	3.0	2.9	2.7
Unemployment in SR (in %)	11.2	11.8	12.0	12.0
Balance of state budget in CR (in billion Kc)	- 2.8	5.8	10.4	5.0
Balance of state budget in SR (in billion Sk)	- 1.5	- 1.5	- 11.0	- 11.0

Unemployment was developing at different rates in the two republics, beginning in 1991. After the demise of the federation, the higher unemployment rate in Slovakia was compounded by the higher shortfall in the state budget. After the first four months, it looks as though the third principal difference between the CR and the SR will be the rate of inflation.

## \* Present Slovak Difficulties Recounted

## \* Slovak Economy

93CH0770A Paris LE MONDE in French 22 Jun 93 p 4

[Article by F. Le.: "Difficult Beginnings"]

[Text] On 1 January, the Czech and Slovak Federal Republic was divided into two independent states—Slovakia (population 5.3 million) and the Czech Republic (10.4 million)—which are still linked by a customs union. Their monetary union, however, ended on 8 February.

Although trade was facilitated by a clearing [preceding word in English] agreement containing a reciprocal credit ceiling of 130 million ECU's [European Currency Units], trade between the two parts of the old federation has nonetheless decreased sharply. In March 1993, it declined by one-third compared to the previous year, and Slovakia recorded a surplus. In 1993, the partition will therefore have a high economic cost for both parts of the old federation, inasmuch as sales from one part to the

other formerly accounted for 30 percent of the Slovak GDP and 15 percent of the Czech GDP.

The partition is impacting a Slovak economy that is already in the midst of a crisis. Since 1989 industrial production has decreased by 35 percent; unemployment has risen to 12 percent of the economically active population; and the GDP, which has already declined by more than 30 percent, is expected to decline by another 6 to 10 percent this year. Slovakia has multiple handicaps: it has a major heavy-weapons manufacturing sector, and its production, 60 percent of which was destined for the Warsaw Pact, has been difficult to convert.

Another characteristic is the importance of the heavy industries—metals, for example, accounted for 15 percent of all industrial production in 1992 and chemicals for 17 percent—which are large consumers of energy and raw materials and perpetuate the heavy dependence of the Slovak economy on the former USSR. Slovak exports to the West are largely dominated by producer goods; it is the growth of steel sales that has made possible the accelerated reorientation of Slovak exports toward western Europe.

Exports of consumer goods and machinery have also increased (up 50 percent and 38 percent, respectively), but the effort of the Slovak companies to make up their lost ground has been hampered additionally by the fact that they have limited contacts with foreign markets, inasmuch as they often work as subcontractors for Czech companies.

Slovakia has been the recipient of very little foreign investment to date—about \$220 million—despite the presence of several big names: Volkswagen, Siemens, Samsung, and Whirlpool. German and Austrian companies account, in equal parts, for approximately 40 percent of foreign investment.

A government with only a minority representation in Parliament is therefore confronted by a worsening economic situation. A record budget deficit has been reported for the first quarter of 1993, and the deterioration of the financial situation of Slovakian enterprises (44 percent of which are operating at a loss) has caused the postponement of implementation of the bankruptcy law.

[Box, p 4]

#### Statistics from Graphic Information Service

1. Unemployment: 1990, 1.5 percent; 1991, 11.8 percent; 1992, 10.4 percent; 1993, 12.0 percent.
2. Consumer prices: 1990, up 15.6 percent; 1991, up 58.6 percent; 1992, up 10 percent. [No figure given for 1993]
3. Industrial production: 1990, down 4.0 percent; 1991, down 21.9 percent; 1992, down 13.7 percent.

4. Exports (as percentages of GDP): 1990, 23.5 percent; 1991, 35.2 percent; 1992, 37.1 percent.

Balance of Trade (columns 2 and 3 in percentages)			
Entities	Exports	Imports	Trade Balance
EEC	41.6	34.2	+ \$237 million
AELE*	10.5	13.8	- \$127 million
Former USSR	16.5	35.9	- \$709 million
Others	31.4	16.1	+ \$524 million
Total	100	100	- \$75 million

\*[AELE = European Free Trade Association]

Source: Graphic Information Service

#### \* IMF Loan

93CH0770B Paris LE MONDE in French 30 Jun 93 p 4

[Article by Martin Plichta: "Bratislava Commits Itself to an Austerity Policy"]

[Text] After more than five months of difficult negotiations, the Slovak Government on Tuesday, 15 June, signed a protocol with the International Monetary Fund (IMF) concerning its economic policy. Bratislava committed itself to a policy of austerity designed to reduce the budget deficit and control inflation and, in return, will be granted a \$90 million loan. This agreement with the IMF threatens to endanger the social peace that has prevailed in Slovakia since the fall of Communism in 1989.

Bratislava (From our special correspondent)—One year after attaining power by promising to ensure the social welfare of his fellow citizens, Prime Minister Vladimir Meciar has been forced to revise his script. Independent for six months, Slovakia is mired in a serious economic crisis: Production continues to decline, inflation borders on 15 percent, almost 13 percent of the population is unemployed, and the national budget shows a deficit of 3 billion francs [Fr] (5 percent of the annual GDP).

Already particularly affected by the shock therapy carried out at the federal level by the current Czech Prime Minister Vaclav Klaus, the Slovaks, who sought their national health in independence and in a transition to a "social" market economy, are now singing a different tune. Slovakia has not strengthened its international position; foreign investors are not rushing forward and are even less numerous than in previous years; the social promises are a dead letter; and the people's standard of living has fallen.

Under pressure from their rank and file, the labor unions, industrial and agricultural workers alike, were forced in recent weeks to organize demonstrations that assembled thousands of persons. "The situation is very tense in the enterprises, and the people are growing impatient," says Alojz Englis, president of the Slovak Confederation of Labor Unions (SKOZ). "We have

given the government time to respond to our economic and social demands. If the response is not satisfactory to the rank and file, the situation will become explosive," he declared prior to the signing of the IMF agreement.

The initial consequences of the acceptance of the IMF's conditions, except for the devaluation of the koruna, which Meciar rejected for reasons that were primarily psychological, were immediate. The government, which had been scheduled to debate a bill embodying social laws that were, however, already extremely unpopular, now had to reject them because their provisions "would not have been restrictive enough." The IMF accordingly made it necessary for the Slovak Government to cut spending by Fr1 billion by limiting wage increases and modifying its social policy, something Bratislava had refused to do when the initial IMF delegation came to Slovakia last February.

#### **"Europe Would Like To See Us on Our Knees"**

The Slovaks are accordingly beginning to reassess their view of the IMF, which the ultraliberal leaders in Prague and Bratislava had introduced to them several months ago as a "friend who wishes Czechoslovakia well." "The IMF and western Europe would certainly like to see us

on our knees and sell us their surpluses," Imrich Alaxa, agricultural official at Nove-Zamky in southern Slovakia, believes. "It is an antisocial diktat that will bring no good to Slovakia," says Bohumil Moravec, one of the leaders of the Metalworkers Union.

Well aware of the unpopularity of the measures that he must put into effect, Meciar decided to take the lead by sacrificing his ministers of health, education, and privatizations, who were the object of particular opposition, even within the Movement for a Democratic Slovakia (HZDS). This cabinet reorganization took place at the precise moment when the political crisis, caused by the departure of the Slovak National Party (SNS) from the government coalition last March, was ending with the return of the selfsame party. The SNS would obtain from two to four cabinet posts, thereby lessening the possibility of early elections forced by the opposition.

The minority government of Vladimir Meciar, whose approval rating has dropped in the polls, with only 15 percent of the voters saying they will vote for his party in late May, needs to get its second wind. The new cabinet will have to act quickly. In Moravec's opinion, "the end of the holidays will be a sad occasion, for many factory gates will be closed."

## Federal

### Science, Technology Minister on Effects of Sanctions

93BA1247B Belgrade NIN in Serbo-Croatian  
9 Jul 93 p 32

[Interview with Dr. Milan Dimitrijevic, federal minister of science, technology, and development, by Slobodan Milovanovic; place and date not given: "When Sanctions Are Eased"]

[Text] *The creation of an innovative climate in a society fettered by economic blockade sounds unreal, but it is essential.*

Dr. Milan Dimitrijevic is a world authority in the field of astronomy and astrophysics. He came to the post of federal minister from the Belgrade Observatory. Naturally, we talked about the consequences of the sanctions in terms of science and the technological development of Yugoslavia.

[Dimitrijevic] Many of our agreements on international scientific, technical, or technical cooperation have been suspended or abrogated. Projects with our most important partners in these fields have been interrupted, postponed, or frozen. For example, in cooperative efforts with the United States alone, further work on more than 100 joint projects has been blocked. In direct expenditures alone, these are worth more than \$2 million, while the expected results would be incomparably greater. Our membership in numerous international scientific organizations has been suspended, and we have been excluded from some international institutions and data bases as well. For example, the EARN [expansion not given] (the international electronic mail system), the CERN (European Organization for Nuclear Research), and so on. The possibility of professional training for our people abroad has been reduced to a minimum. This was utilized by more than 500 Yugoslav scientists and young specialists. More than 100 specialists had stipends associated with cooperation with the United States, there were 50 involved in the Fulbright program, with around 30 in other international organizations. On the other hand, such conditions also reinforce the process that is referred to in the media as "brain drain."

[Milovanovic] Does anyone know the proportions of that process on the state level?

[Dimitrijevic] During late 1991, all of 1992, and early 1993, 181 specialists left our universities and went elsewhere—from assistants to professors. All have of them left jobs behind, and the majority had housing. A large number of colleague graduates, and even high-school graduates, have followed in their footsteps. During 1991, the departure of 63 students was recorded from Belgrade high schools alone; the following year it was 85, and 24 students have left over the first few months of this year. I am citing only those figures that

are currently available to me. They are incomparably higher if one includes the numbers from institutes, the economy, and other scientific and specialized organizations.

[Milovanovic] How can the consequences be mitigated?

[Dimitrijevic] Two programs have already been formulated at the Ministry. The first provides an opportunity for all specialists who are abroad but want to return home to receive funding, within the framework of a short-term project, in order for them to adjust more easily upon their return. The second program relates to maintaining continuous contact with the largest possible number of our people with recognized results abroad, their inclusion in joint research projects, and so on. I also believe that periodical gatherings of our specialists who are successfully engaged in research abroad could be useful both as a way for them to interact and as a way to create lasting connections with the motherland. There are also plans to allow hundreds of the best students in the generation to continue, at government expense, their postgraduate and doctoral studies with a focus on programs of interest to the development of our country.

[Milovanovic] What is the effect of the Resolution on Science and Technology Development Policy of the FRY on the scientific climate?

[Dimitrijevic] The resolution is undoubtedly a very important document, but recently a law was also passed that ensures a financing mechanism. In terms of priorities and importance, at the top of the list are: basic research in science, technological strategic research, and humanistic, regional, innovative research for the needs of the Federal Assembly and federal government. At present, the most topical thing is the construction of a Bank of Plant Genes, a facility of exceptional importance to a civilized society. Also worthy of attention is work on a unified system of scientific and technological information, and my ambition is to see the creation of a similar data base system that would allow all users in the FRY to quickly exchange information and gain more complete access to scientific developments.

[Milovanovic] Have any research projects come in that are connected to our everyday experience?

[Dimitrijevic] We are financing 152 short-term and 66 multiyear projects whose results have direct practical applicability. I have several such projects on my desk. For example: "Development of a Flow Meter for Grain Moisture," or "Application of Environmentally Acceptable Sources of Energy to Equipment for Monitoring Pollution in Zones Where High-Value Food Is Produced," or "Model of an Electronic System for Gathering Local Data in Irrigation Systems Powered by Solar Batteries." These are just examples, and thus not the most important projects, but as an illustration they speak for themselves.

[Milovanovic] The resolution also provides for ownership transformation of the scientific research system?



[Dimitrijevic] Ownership transformation is one of our goals, but that process should not be carried out spontaneously. Appropriate regulations are necessary. From experience that I have gained in working with foreign scientific institutions, I know that wherever ownership relations are on firm foundations, qualified individuals are interested in entering into scientific research, while small private institutes demonstrate much more flexibility and often achieve the same or even better results at less expense than large institutions. Especially in applied research.

### **Disintegration Said More Detrimental Than Sanctions**

93BA1219B Belgrade *EKONOMSKA POLITIKA* in Serbo-Croatian 14 Jun 93 pp 19-20

[Article by Vladimir Karakasevic: "Years of Rapid Decline"]

[Text] Yugoslavia and its detached parts have in a short time experienced a decline rare in modern world history. War and physical destruction of economic and other property, punitive and retrograde policy in certain sections, self-destruction through the internal economic divorce of the former republics of the SFRY, the sanctions, and the blockade have smashed into the ship of Yugoslavia, which, to be sure, had begun to founder seriously even back in the eighties. Of the parts that have broken off, Slovenia has to some extent, at great pains and with many unresolved problems, been staying afloat, which is true only locally of Macedonia as well. The central parts have suffered definitive ruin with no visible chances of anything being repaired in the near future.

In the context of the general changes in the world order and the downfall of the communist welfare states, the Yugoslavs have proven to be the most stupid and inept, and they have not taken advantage of the opportunity for qualitative changes in politics and the economy, but have fallen victim to new totalitarian political groups and their unsatisfied desire for power, if only over utterly ruined countries and peoples. Disastrous losses of economic resources and activities, general national impoverishment, and the political and economic degradation of the population are the result of that destiny.

Even before the SFRY fell apart, adverse business and economic trends had been recorded in the country for at least 10 years or so. Per capita national income was lagging more and more behind the rest of the world, production was stagnant and then began to decline, while the trade deficit with the rest of the world was getting larger and larger. Unemployment was growing uninterrupted, and real wages of employees in the socialized sector were dropping. The increasingly large use of primary note issue to cover growing government expenditures and to quell the almost daily strikes and social pressures speeded up hyperinflation.

All of this can also be clearly seen in the economic picture of the present FRY [Federal Republic of Yugoslavia]. The physical volume of industrial output in that region dropped about 85 percent from 1987 to the first quarter of 1993. In 1990, the per capita social product was \$3,060, in 1991 \$2,950, in 1992 \$2,250, and in the first quarter of this year it is estimated to be between \$1,500 and \$1,690. In real terms, the social product dropped 40.2 percent between 1987 and last year.

The public has been given to believe that all the difficulties the FRY has encountered originate with the international sanctions and the economic blockade. There can be no doubt that they have had a devastating effect on the Yugoslav economy and the life of the population, but far greater damage to the FRY, at least up to now, has occurred because of the economic ties that were severed with the former republics of the SFRY. That is, the slow, but sure declining trends of business activity and economic conditions have become lines that have dropped sharply since July 1991, when the actual disintegration of the former Yugoslavia began. There is a logic in that because interrepublic merchandise trade far exceeded the exchange of the individual republics with foreign countries. Of all the purchases of Serbia and Montenegro in 1987, 18.27 percent came from other republics, and only 8.46 percent from abroad; at the same time, 13.37 percent of deliveries of firms in Serbia and Montenegro went to the other republics, and 8.82 percent abroad. Sectors in the present FRY that were particularly tied to purchases from other republics were shipbuilding, manufacturing of leather footwear and clothing accessories, metal manufacturing and machine building, textiles, printing and publishing, tobacco production and processing, retail and wholesale trade, and about a fourth of the sales of the products of these and other industries went to other republics. About a third of the purchases and deliveries of Serbia and Montenegro went to or came from Croatia.

Thus, the largest drop in output between 1991 and 1992 occurred in the metal-manufacturing industry and textile industry (30 percent), heavy chemicals (37 percent), machine building (38 percent). Even in "autarkic" agriculture, where production rose 10 percent between 1990 and 1991, it fell 22 percent in the next year, and the declines were 38 and 41 percent for the production of grain and industrial crops, respectively.

In foreign trade, the value of exports (in millions of dollars) was \$5,619 in 1990, \$4,704 in 1991, and \$2,539 in 1992; at the same time, the value of imports was \$6,987 in 1990, \$5,548 in 1991, and \$3,859 in 1992. A drastic drop began in 1991, when the value of the FRY's exports fell by 19.1 percent and imports by 25.6 percent, and it continued still more markedly in 1992, with a further drop of 46 percent in exports and 30.5 percent in imports.

The drop in production and other economic activities, the decline in foreign trade, and also the uninterrupted and increasingly rapid decline of the purchasing power

of the population brought about a reduction of domestic trade turnover. Thus, turnover in wholesale trade in 1990 was 16 percent below the previous year (calculated in constant prices), it dropped another 6 percent the next year, and in 1992 all of 62 percent, while in March of this year it was 51 percent below the average in 1992. Retail sales were stagnant in 1990, fell 2 percent in 1991, and dropped 48 percent in 1992. In March of this year, retail sales were 56 percent below last year, which had already been cut in half.

The sanctions, then, only dealt the final blow to the economy, country, and population of the FRY, which were in disarray, and now that the battle to maintain the standard of living has been lost, it is moving toward a final defeat concerning political and biological survival. The share of personal consumption in the diminished social product fell from 62.7 percent in 1990 to 60.2 percent last year, and personal consumption in 1990 was 6 percent below the previous year, in 1991 it fell a further 8 percent, and in 1992 it dropped another 26 percent. Prices and the cost of living have been rising. In 1991, retail prices were 121 percent higher than in 1990, in 1992 they rose 9,237 percent, and in April of this year they were 17,244 percent higher than the average for last year. The cost of living has risen by approximately the same amount.

In the structure of personal consumption, there has been an increase in the share of consumption in kind, with households last year consuming all of 53.2 percent of their income for food alone. The dilemma in past decades as to whether it was better for the workers or for the peasants has finally been decided—the workers have slipped beneath the ice (while the peasants have not as yet). Wages and salaries of those employed in the socialized sector have definitively taken on the form of welfare maintenance, and at the same time their earnings are not enough for reproduction of the ability to work or biological reproduction. The serious drop in real earnings of employees began in 1990, when wages and salaries dropped 28 percent from the previous year. They fell another 5 percent the next year, and then in 1992 were once again cut in half in real terms. This March, wages and salaries of those employed in the socialized sector of the SFRY were in real terms 55 percent below the average in 1992 (based on calculation of the cost of living). That decline is continuing, and the forecast is that the average wage of employees will drop from the present 30 or so German marks [DM] to less than DM10 in the autumn months. But at the same time, the share of taxes on corporate and personal incomes has grown from 12.6 to 30.6 percent of the revenues of sociopolitical communities.

Over the last five years, the number of persons employed in the socialized sector has dropped almost 20 points, which is approximately the size of the growth of those who are officially unemployed. In socialized firms and institutions, more than 40 percent of the labor force actually have nothing to do and are living off money from primary note issue which the government gives

them, that is, they are living off inflation. The higher the rate of inflation, the more difficult life is for them. Inflation and social and political pressures are continuing to constrict the devastating circle around that small portion of the economy which for the present has work to do and is producing real goods; it is forced to sell its products for money that is not real, and actually it is maintaining an ever larger segment of the unproductive population.

It is obvious that the erroneous and disastrous policy has destroyed its own country and its own economy. All it has left now is an impoverished and helpless population.

### Activities of Jugobanka Group Detailed

93BA1219C Belgrade EKONOMSKA POLITIKA in  
Serbo-Croatian 14 Jun 93 p 28

[Article by V.Gr.: "Altered Proportions of Capital"]

[Text] The Jugobanka banking group was made up last year of 10 "daughter" banks, four main branches, two specialized branches, and three wholly owned firms. Neither Jugobanka of Kosovska Mitrovica, because it was registered separately with majority capital owned by the Republic Fund for Development and Restructuring, nor Komercijalna Banka of Belgrade, which left the Jugobanka system by obtaining a majority share of the capital invested, were members of the banking group. These banks in Kosovska Mitrovica and Belgrade were not included in Jugobanka's consolidated balance sheet for last year (early this year, the bank in Kosovska Mitrovica was returned to the Jugobanka group as a "daughter," because the system had again obtained majority share of capital).

Changes in proportions of capital also occurred in Jugobanka's banks in Bor, Kragujevac, Leskovac, and Kula. They have a majority share of capital, and as such they could withdraw from the Jugobanka banking group (system). From what we were told by Milos Milosavljevic, general director of the Jugobanka system, an agreement has been reached whereby those banks would not do that, and the system (banking group) would regain majority share of capital of these "daughters" through additional capitalization, much as was done in the case of the bank in Kosovska Mitrovica.

As for relations between the Jugobanka system and banks on the territory of the former Yugoslavia, the situation is as follows. Relations have been worked out with the former Jugobanka in Ljubljana. An agreement has also been reached with Jugobanka in Skopje, where the Foreign Trade Bank figures as the successor: There are no political obstacles here whatsoever, and, assuming full cooperation, the problem of obligations to foreign countries jointly assumed should be solved within the appropriate time frame.

Relations have not been worked out with Jugobanka's former banks in Croatia and Bosnia-Herzegovina. Relations have been severed with Croatia, and a decree of

that state's government has left the obligations to foreign countries assumed jointly "up in the air," because for all practical purposes all assets are being used to settle with "domestic" creditors. Obligations to foreign countries have been left to others, which amounts to evasion of the foreign creditors. On those grounds, Jugobanka is seeking international judicial intervention concerning obligations of certain of its former customers in Split.

As for the banks in Bosnia-Herzegovina, Jugobanka in Sarajevo dissolved, and Union Banka has emerged as its successor. In the republic of Srpska, Jugobanka has been established in Banja Luka, and it has taken over the former units of the Sarajevo Jugobanka in that area. The situation is not clear in Herceg-Bosna.

At the beginning of the year, Jugobanka contacted representatives of its former banks in Sarajevo and Banja Luka, who said that it was possible to undertake to draw up the estate for final division and to work out mutual rights and obligations. Consistent with that determination, Jugobanka will sign over shares in the new banks in Sarajevo and Banja Luka (this job has been completed in the case of the latter bank).

Finally, it would be worth seeing what has happened to the balance sheets of Jugobanka. The summary balance of the entire banking group last year reached 2,994 billion dinars, or 1.4 billion marks [DM] (at the exchange rate of DM1 for 2,100 dinars). The nominal balance sheet in dinars increased 23,231 percent, while in real terms it decreased 19 percent. The group's gross capital was 313 billion dinars, or DM149 million, and here there was a drop of 6 percent in real terms.

As for the narrower balance sheet of Jugobanka (central headquarters and branches), trends were similar. In nominal terms, the balance sheet showed 1,410 billion dinars (DM675 million) and was up 26,345 percent, but in real terms it declined 14 percent (because of the devaluation). Capital amounted to 150 billion dinars, or DM71 million.

Capital has been revalued differently from bank to bank within the Jugobanka group: from 28.8-fold in Kula to 198-fold in Podgorica. If we look only to the headquarters and branches of Jugobanka, revaluation was above the average (170.8-fold) of the banking group.

In order to protect its capital, Jugobanka engaged in transactions involving foreign exchange (and currency) and goods, which were handled for it by the firms which it founded. An inflow of foreign exchange was created and can be activated after the blockade is removed. Preservation of the real value of capital was dictated by the regulation on the minimum capital holding of 75 billion dinars (with monthly revaluation). This would be ensured through additional capitalization of the banks in the Jugobanka group, but also of the central headquarters itself. Otherwise, the minimum requirement will not be met by a majority of the banks in this group.

In spite of everything, a positive financial result of 5.6 billion dinars was recorded last year, with a revaluation of 50 billion dinars. Profit was committed to reserves, so that owners of A (managing) shares had to forego dividends.

### Secondary Education: Poor Entrance Exam Results

93BA1213C Belgrade VREME in Serbo-Croatian  
5 Jul 93 p 30

[Article by J. Grujic: "Illogical Children"]

[Text] The June deadline for enrollment in secondary school was disastrous: 45 percent of the children who competed were unable to enroll. In numerical terms, this represents 40,000 potential high school students. "Our children have not become accustomed to thinking logically," this completely unexpected situation was explained by Ljiljana Nikolic, who chairs the republic enrollment commission. The other members of the commission add that the children were not well prepared and overestimated their abilities to the maximum. The biggest and perhaps only problem was the mathematics test. Ten of the 20 problems were taken from the regular syllabus, and 10 called for "more logical thinking." The explanations coming from the Education Ministry do not jibe with one another. Almost 7,000 children failed the entrance examination for the academic high school. There were 44,000 students applying for the three-year schools, most of them trade schools, and 26,000 failed to enroll. The most popular schools this year are those in tourism, hostelry, and trade. They are the only ones which enrolled more than had been planned.

In Kosovo, the results are worse than ever. But the figure that not a single one of the planned 19,500 Albanians enrolled was more or less expected. The debacle is that 1,700 Serbian children are enrolled, but 6,000 were expected.

"Never before have my children done so badly," says one of the most popular high school teachers in Belgrade about preparing her children for the entrance examinations. "It is not true that the children are unable to use logic. They can use it, and they are well prepared. This time the ministry has simply exaggerated with the difficulty of the test, and it is not at all clear what they hope to gain by it."

The children are complaining that this year there were no tests to be obtained on the black market. "Last year, we could nicely buy everything for 100 or 150 German marks. This year, nothing was known until the last moment," some of them say, adding, "It is better to go to school than onto the street. In the August enrollment, we will enroll no matter where."

## Moratorium on Newspaper Personnel Changes Declared

93BA1213A Belgrade VREME in Serbo-Croatian  
5 Jul 93 p 27

[Article by G.K.: "VECERNJE NOVOSTI: Three-Month Moratorium"]

[Text] The course of events at VECERNJE NOVOSTI suggested that Rade Brajovic, editor in chief, would be leaving that Monday (28 June). At the last moment, there was a sudden turnaround and none of the members, not even chairman Brana Radakovic, turned up for the meeting of the managing board at which the decision was to be made on confidence in Brajovic or the lack of it.

That same day the assembly of the joint-stock company Vecernje Novosti, called by no one knows who, proclaimed a three-month moratorium, and Brajovic removed Brana Radakovic from the post of editor of the Belgrade editorial staff of NOVOSTI. Even three days after that fateful Monday, none of the journalists knew anything about Radakovic; he was no longer coming to the office, but the official information released was that he was on seven-day sick leave.

### Division

For a long time now, the editorial staff of VECERNJE NOVOSTI has been divided into two fairly equal parts. On one side are the people inclined toward Sloba and Seselj, and on the other the oppositionist segment of the editorial staff. In the last several months, some 30 people representing the latter option have decided to leave the parent house and seek their livelihood in other publishing houses. Although hushed up for a long time, in recent days the conflict broke fiercely to the surface. That is, the collegium of VECERNJE NOVOSTI took the position that there is dual government in the editorial staff that is blocking the newspaper's operation and it called for an assembly of internal stockholders to vote for one of the two: editor in chief Brajovic or Radakovic, chairman of the managing board. The collegium, which otherwise supports Brajovic, nevertheless to some extent concealed the main problem in making its case. It said that the conflict was over the price of the newspaper. The collegium insisted that the price of the paper not be raised without an agreement with POLITIKA, after the managing board raised the price without consultation, although it did notify the editorial staff and the collegium. The collegium also insisted on removal of the director of the Frankfurt edition of VECERNJE NOVOSTI, who has been interfering in the newspaper's editorial policy. (For example, beneath the picture of Ratko Mladic the director put his own stamp on the picture without authorization—"Mladic: beast.")

### Police

In the assembly held in that connection the week before last, Brana Radakovic obtained a (slim) majority of

4,600 votes, that is, internal shares, as against 4,300 votes for Brajovic. It was also stated in that meeting that Gordana Brajovic had received from the Frankfurt edition several thousand marks for a feature article that had already been published in the domestic version of NOVOSTI, and the fee had been paid for it, signed by her husband, Rade Brajovic. When that piece of information came to light, there was a physical exchange between certain journalists who are members of the SRS [Serbian Radical Party] who are loyal to Brajovic and journalists from the editorial staff of the paper sold in Germany. When all is said and done, because Brajovic lost it was expected that he would submit his resignation in coming days. He has not done that, but he immediately removed the editor of the Belgrade department, his main opponent, Radakovic.

Because under the bylaws the managing board is replaced by the editor in chief, backed up with the opinion of the editorial staff, a meeting of the active of journalists was called for Monday, 28 June, in which people from the managing board were supposed to explain their decision on the removal. To the general surprise, no one from the managing board turned up that day; informed sources say that they had received numerous anonymous threats in previous days. The well-informed say that Rade Brajovic made a statement that day: "Radakovic is perhaps stronger than I am, but we will see whether he is stronger than the police." Then the assembly decided (and no one knows who convened it) that there was to be no dismissal for the next three months so that the divisions can be overcome.

## Macedonia

### \* Serial Numbers of Counterfeit U.S. Dollars

93BA1180C Skopje VECER in Macedonian 14 Jun 93  
p 4

[Report by the Macedonian Ministry of Internal Affairs: "Counterfeit Dollars"]

[Text] The Ministry of Internal Affairs of the Republic of Macedonia informs that recently counterfeit U.S. dollars of higher denominations have been detected in the Skopje area. The counterfeit notes are in denominations of \$100.

The characteristic features of such notes that distinguish them from the real ones is the quality of the paper, the length and width of the note, and the intensity of the color of the notes, which is duller, both front and back; there are also differences in the printing techniques, the stamp on the note, the stamp of the Treasury, the serial numbers and the picture, etc.

The citizens are asked to be cautious in handling \$100 notes. Should they notice counterfeit notes, they are to report the case to the nearest police station.

The serial numbers of the counterfeit dollars are as follows: A58298557A-2, A57174585A-S4, A57853508A-13, A55785350A-22, A29829881A-32, A608298557A-14, A69886629A-11, A8288118-70, B31398585A-96, B85350890A-105, C8531298A-151, C64889698A-38, C98866298A-75, C18648896A-59, C29871372A-11, C08298298A-4, D98557853A-10, D86829855A-39, D48896988A-58, and D96988682A-76.

#### \* Warning About Counterfeit German Marks

93BA1180D Skopje VECER in Macedonian 22 Jun 93  
p 4

[Ministry of Internal Affairs Warning: "Counterfeit Marks"]

[Text] Last Friday, the MVR [Ministry of Internal Affairs] confiscated from two individuals—a Yugoslav and a Macedonian—counterfeit German currency in the amount of DM38,000 in DM200-mark denominations.

The counterfeit notes are different from the real ones in the following respects: The quality of the paper is worse, there are differences in the length and width of the notes, the colors are darker and nondifferentiated, the watermark and the protective fibers are additionally imprinted on the note, and the numbers and letters in the series are of different sizes.

This is a second attempt at circulating counterfeit currency in greater amounts (in the first case counterfeit U.S. dollars in \$100 denominations were detected), for which reason the possibility is not excluded that counterfeit currency has been placed in circulation in other areas in the Republic. For that reason, the MVR warns the citizens to be cautious in accepting and exchanging notes of DM200-mark bills. Should they notice counterfeit currency, they should report the fact immediately to the nearest police station.

#### \* Alleged Trade in Radioactive, Stale Tobacco

93BA1176B Skopje NOVA MAKEDONIJA in  
Macedonian 11 Jun 93 pp 1, 3

[Article by Sonja Kiridzievska: "Deals With Radioactive Cigarettes?!"]

[Text] According to unofficial data, after the Chernobyl 1986 accident, cigarettes made of radioactive tobacco are being sold in Macedonia. Marlboro cigarettes coming from Bulgaria, Turkey, Poland, and Montenegro are two and a half to three years old. More than 7,000 trucks loaded with cigarettes crossed the border at Deve Bair with transit documents for Albania, but their tracks were lost in Macedonia.

The black market in cigarettes in Macedonia proves that the state has not developed control mechanisms, that it is clearly abandoning one of the basic sources of revenue, and that it lacks the power to resolve entirely this problem, letting the black market to operate freely. The

daily loss of thousands of marks illegally earned by evading the sales tax is an alarming indication that the mafia is not about to abandon easily its illegal profiteering from cigarettes.

It is unquestionable that within the limits of their possibilities and authority the market inspectors and the police are trying to get to the source of all problems. However, all they can do is scratch the surface, as confirmed by their clashes with the small dealers. For the time being, such conflicts do not touch the "big fish." All of this does not explain the inability to control the three producers of cigarettes in the state and the marketing organizations that continue to remain the only places from which tobacco goods originate.

The reselling of all sorts of cigarettes reaching us from all over the world has transformed the home market into a dump that directly threatens the health of the population. In their efforts to earn more, the black marketeers remain unconcerned about the quality of the tobacco in the cigarettes, manufacturing dates, and the date by which they must be sold. Since the beginning of last year, everything is being sold in our country that, for many years, was famous throughout the world as the producer of the highest quality tobaccos. The smoking of cheap cigarettes has serious consequences for the health of the smokers. According to unofficial data, recently cigarettes made of radioactive tobacco resulting from the Chernobyl 1986 accident have been sold in our country. This applies to the Boss and Marlboro brands that come to our markets from Poland, Montenegro, and Bulgaria. Some analyses have indicated that such cigarettes are made of radioactive tobacco that, following the Chernobyl nuclear accident, had to be decontaminated and destroyed by Russia and Poland. Recently, this untreated tobacco was released and made into these cigarettes. The main source of Boss cigarettes is Albania, where such cigarettes are being produced on the basis of obsolete technology and are far below legal standards. Analyses have indicated that they contain higher amounts of nicotine and resins compared to stipulated standards, something that could have severe consequences for the people's health. Data indicate that such cigarettes cause leukemia and lung cancer, particularly among young people, and that even secondhand smoke threatens the health of the people.

"The data we are receiving on a daily basis from laboratories in Switzerland indicate that cigarettes earmarked for destruction on the Western European market are being sold in Macedonia," said Kosta Kirovski, director of the American Phillip Morris company in Skopje, the producer of the world-famous Marlboro. "We have data," Kirovski went on to say, "proving that black marketeers purchase such cigarettes in the Netherlands from the places where they are supposed to be destroyed. It is precisely such Marlboro cigarettes that are two and a half to three years old. According to world standards such cigarettes must be burned and their regular sale is strictly forbidden. According to those

standards, cigarettes for sale must not be older than nine months and, after that deadline, our company destroys them."

The Phillip Morris company has tried to protect its brand, which is one of the specialized trade items of the black market business in Macedonia. According to Kirovski, the company asked the Ministry of Foreign Relations and the Macedonian government to forbid sales of Marlboro cigarettes not shipped by the official producer. Barges loaded with Marlboros are entering Macedonia from Bulgaria, Turkey, and Poland and, of late, Montenegro. Customers remember the alleged Sarajevo Marlboros sold by black marketeers in all markets, at half the price of cigarettes sold legitimately. The origin of such cigarettes is Montenegro and this appears to be a state-sponsored black market, for according to the studies made by the Swiss laboratories, the boxes coming from that Republic contain tobacco from "point" cigarettes (long soft packs) while the hard packs include tobacco used in Lovtjen cigarettes made in Montenegro. Cigarettes shipped from America have a code according to which, according to Kirovski, we can establish the production date, the deadline for their sale, and the place of manufacturing. The black market cigarettes, about which it is claimed that they are being packaged somewhere in Novi Pazar, have no indications of anything, not even their place of origin.

"We find it strange," Kirovski says, "that the pertinent state authorities have found so far no way of blocking the black market in cigarettes. The same reaction is expressed by the Phillip Morris headquarters in New York. That company deliberately refused to open an office in Macedonia but set up a company here in order not to avoid the payment of the tax. We are the most regular payers of our dues to the Macedonian state, and our interests are protected by the Coopers & Lybrand company, represented by four lawyers. However, we cannot cope with the black market. Virtually every day, we are being visited by the foreign currency inspectorate," Kirovski said. "We are being watched constantly, yet no one can detect who is behind the grave abuses involving the black market in cigarettes." In the West this was quite efficiently resolved with the excise label without which the sale of cigarettes is forbidden. Obviously, something will have to be done about the problem of cigarettes in transit, in the course of which the biggest black marketeering operations take place. The trucks entering the country at the Deve Bair crossing point have transit documents for Albania. However, these trucks never leave Macedonian territory. According to some data this method was used for the entering of 7,000 trucks the tracks of which were lost after they entered the country. From this viewpoint, Macedonia is like a huge black hole.

The registration and the published information about such data indicate that they are familiar to the proper authorities. The question, however, is why do they continue to allow such illegal operations. This inability to put an end to the gray economy, combined with the

lack of proper legislation in the area of tax policies, which, incidentally, has been postponed for 1994, is rendering the Macedonian economy helpless. The avoidance and ignorance of reality increase the power of the mafia. Delayed reaction contributes to the continuation of such abuses in the future as well, when putting an end to them will become even more difficult.

[Box, p 3]

#### \$1 Million Damage

The way smokers are protected in America is shown by the following example. A complaint filed by an American consumer brought him compensation worth \$1 million. He accused Phillip Morris of selling him a box of Marlboro that was nine months and seven days old. For that seven-day period the court ruled that the citizen was owed damages worth \$1 million. That is what is being done in countries governed by law.

#### \* Lack of Control Over Black Market Tobacco Trade

93BA1176A Skopje NOVA MAKEDONIJA in  
Macedonian 10 Jun 93 pp 1, 3

[Article by Sonja Kiridzievska: "Millions of Marks Go Under the Counter"]

[Text] Last year cigarette sales dropped by 80 percent; they were 50 percent off in the first months of this year. State revenue was shortchanged by 30 million marks. Every day in the produce markets a real war is being fought by inspectors, the police, and black marketeers. What will the state do if those who, so far, have regularly paid their tax stop doing so tomorrow?

Illegal trade in cigarettes is freely spreading throughout our state, undermining its economic strength. Spreading in the produce markets, it is emptying the state budget by depriving it from what belongs to all Macedonian citizens. With its network, like an octopus, it is successfully resisting all efforts to nip it in the bud. Meanwhile, in a year and a half, our country was shortchanged by 30 million marks that should have gone into the state budget. The trade in cigarettes last year dropped by 80 percent in the regular trade; in the first few months of this year, it was off by 50 percent. An entire army of market inspectors has joined the struggle against the black market in cigarettes. They are seen as frequently in the markets as are the black marketeers. Also noted is the involvement of the police. However, the police yield to the strengthened mafia which, in order to protect something that is bringing it a huge income, does not exclude resorting to physical action. Every day small wars are being fought at the markets between the inspectors and the police, on the one hand, and the black marketeers, on the other. The booty is assessed at millions of denars.

All of this leads to the thought that there is some substance to the claim that black market cigarettes are no longer merely the problem of the market inspectors and

the police but also of the state. Unfortunately, the state has shown an attitude of indifference, implying that the strings controlling the illegal sales are being pulled by highly placed state authorities. It has no interest in participating in a business in which honesty has no place, in which there is no responsibility, and in which very day thousands of marks disappear from the counters and certainly are never deposited in the cash register of the state. The fact that the highest authorities are not bothered by what is happening under their very eyes is surprising and irritating. It would be naive to believe that we are unable to block such an activity citing the alleged reason of easing social tensions. There are no socially oriented black marketeers. Starting with last year, all of them have earned much more than the average wage of an employed person. What is the state to do if those who, so far, have been regularly paying their taxes would stop doing so. There are such indications, for so far the avoidance of taxes has made some people wealthy, as opposed to others who have been brought down to the level of poverty.

"We have become real hagglers," said Chief Market Inspector Lazar Kujundziev. "Every day, until 1700 hours, when the markets close for the day, we roam around like a pack of dogs, fighting the black marketeers. A team of eight market inspectors, four health inspectors, two veterinarians, and between four and six policemen are in charge of 'purging' the resellers. The results are nil. One mobile team consisting of two market inspectors, two health inspectors, and two financial inspectors, strengthened by 20 policemen, is regularly circulating in Macedonia, to no avail. The black marketeers are smarter than we are. The confiscated cigarettes are stored in a special premise and two inspectors have become storekeepers. This was the result of a single action. The premises are crowded with cigarettes and the moment you turn your head more cigarettes arrive. The thus confiscated cigarettes are sold on a daily basis to various companies, including Tutun and Zitomel in Kumanovo, at legal prices, and the companies pay the sales tax."

The cigarette manufacturers are producing absolutely clean documents as the cigarettes leave their production lines not stamped with the mandatory letter "M." The customs officials are on their job but, nonetheless, shipments of cigarettes are brought back into the country from abroad, although they were initially scheduled to be sold on our markets. It is claimed that there is no mafia, although there are even minors working for it. It is being said that government people and even entire ministries are involved in this illegal business.

It is not logical for the teams of inspectors to track the small black marketeers who are reselling cigarettes in the markets, while not organizing inspection facilities at the three factories operating in the state and the single enterprise (Makedonijatabak), that are the only places from which cigarettes could come out and subsequently

become the objects of grave crimes. In that sense, the helplessness of the state could be interpreted as serving its interest.

Vasko Kuzmanovski, Tutun general director, said that last year cigarette sales declined by 40 to 50 percent and we lost 30 percent of the anticipated profits of our organization. Due to the obvious lack of interest on the part of the state, we tried to assume its obligation and compute the loss to the state budget. Based on the assumption that every year Macedonia sells 4,000 tons of cigarettes, last year more than one-half was sold outside the regular trade channels. To our state this means a loss of 30 million marks.

The way to put an end to the black market is to use the excise label "M." We suggest that it be printed and issued by the Macedonian National Bank or by the finance ministry. This way, according to Kuzmanovski, the state will be able totally to control the production and sale of cigarettes. This method is being used in all Western European countries and adopted by the European Economic Community. Starting with 1 January, such labels have been used by Slovenia and Croatia and the results of their use have been a reduction in black marketeering in Slovenia from 30 to 6.5 percent. Losses caused by the illegal sales of Nova Makedonija cigarettes last year alone are estimated at 18 million marks. According to Danco Gligorovski, from the same service, the most critical months were those of June, July, and August 1992. Thus, for example, in January 1992, in Skopje alone six tons of Partner cigarettes were sold, and in July sales dropped to 2.8 tons and in August to 2.3 tons or a drop of 70 percent. The sale of Lord brand cigarettes that, along with Partner, were the most popular, amounted to two tons in July; in August only 100 kg were sold. No comment is necessary.

It is obvious that the losses caused to the marketing organizations and, through them, to the state, are neither to be neglected nor are they unknown. We are simply surprised that such figures and the violent reactions they cause have not led the respective authorities to involve themselves. This casts a shadow on the organization of the state apparatus and the authorities of the Republic of Macedonia.

#### \* Economic, Morale Problems of State Employees

93BA1180E Skopje VECER in Macedonian 22 Jun 93  
p 3

[Article by B. Stojanov: "Second-Rate 'Statesman'"]

[Text] After the reorganization of the state administration, due to the lack of legal stipulations and internal rules, employees in the various units feel degraded, compared to their colleagues working for the central authorities and the sectorial ministries; antagonism and dissatisfaction have also led to thousands of court cases. However, neither this nor the involvement of the trade union have yielded any results so far; anomalies and



chaos are reflected in the work and legal status, relations in terms of wages, and other aspects of the situation of such personnel.

The recent reaction of the Trade Union of Administration, Justice, Public Organizations, and Associations Workers was not accidental after the amount of salaries in those institutions were made public, instilling confusion among the personnel. This became the topic of analytical studies of anomalies about which, for the past two years, proper solutions are being vainly sought and suggested. This especially applies to the organs of state administration, following the reorganization that involved the active participation of the trade union. The result was numerous contacts, instructions, and suggestions submitted to the respective authorities. However, this yielded no results.

Actually, it was unlikely to expect any specific steps to be taken under circumstances in which neither the Law on State Administrative Organs nor the Law on Local Self-Government have been passed. Consequently, it was not possible to draft internal regulations or other acts regulating the administrative authorities, and those that were passed were of a temporary and questionable validity. Under those circumstances, the organizational units of ministries, government services, and administrative organizations and services and authorities of local self-government in the townships and in the city of Skopje have been functioning without an approved concept of vertical and horizontal structures in terms of the efficient exercise of the rights of citizens and the obligations of the state.

#### Antagonism

Actually, according to the trade union, the local units are considered part of the Republic state government only formally, whereas in reality, according to a few general rules (systematizations) and the treatment to which they are subjected, they are treated like unnecessary bodies, left to fend for themselves. In a number of specific cases, this has led to harsh antagonisms felt by the local units toward the sectorial ministries and local self-governments. To be even more specific, this is expressed through the antagonism and dissatisfaction of local-units personnel with the central services of the state and the local self-government, which treat them in a way that makes them feel like second-class citizens.

Such a "mess" affects about 6,000 state administrative employees, not including the personnel of the MVR [Ministry of Internal Affairs] and the MNO [Ministry of National Defense]. However, even that number is not entirely accurate, for we do not know how many people have been hired ever since, as a result of the rationalization steps, the personnel of these two institutions was reduced by 30-35 percent. The chaos caused by this situation can be seen in the activity of the workers, the way they handle their tasks and the existing wage correlations.

The biggest anomaly in the initial illegal use of local-unit employees in filling temporary positions has been reduced as a result of the intervention of the trade union, but their salaries were lowered as well. However, arguments were of no help, and the dissatisfaction of those affected mounted. The trade union filed charges on behalf of more than 5,000 employees.

#### Degradation

The trade union believes that the degradation of the administrative authorities in the local units and their personnel is a paradox and a hypocrisy, for these are the people who most directly perform the executive functions of the state and whose responsible attitude toward the rights and commitments of the citizens determine the appearance and efficiency of the state. According to the trade union, for the time being the employees themselves are not reacting to the unfairness inflicted upon them and are conscientiously doing their work, although the trade union does not deny there are cases of isolated or even general problems and lack of responsibility.

The view of an unfair treatment of such employees is substantiated by yet another anomaly, to which the trade union object. Namely, according to the regulations governing the organization and classification of administrative authorities, the central state services have drawn up a broad table of organization that, naturally, includes proper perquisites, whereas the personnel of the local units may spend their entire career before being promoted above the position of division chief, which in the state administration, can be attained even in less than one month of seniority.

It would be difficult merely to enumerate all the other anomalies about which the personnel of the local units are complaining to the state authorities. Actually, such anomalies increase in a legal vacuum that lasts for years on end. As time goes by, the consequences of this will become increasingly serious and the solutions increasingly ineffective.

#### [Box, p 3]

#### Salaries

Real chaos pervades in the area of salaries of state administration employees, as confirmed by numerous data. That is why the trade union is angry at the respective services that advertise general information according to which the average wage in the administrative authorities is double that in the private economy, although the personnel of local units earn salaries significantly below the private economy level. However, even if such data are accurate, the trade union should raise the question of the correlation, of how the budget share of the amount earmarked for salaries is divided.



[Box, p 3]

**A Parallel**

The objection of the trade union shows a sharp disparity in the situation of the personnel in the local units of state administration and even concludes that they have no rights compared to the rights of people employed in the private economy. This view indicates a certain amount of one-sidedness, for it must be acknowledged that these services still employ a large number of people, a significant percentage of whom have become bureaucratized and are inefficient—though, it is true, not all of this is of their own doing. Although their number is objectively higher than the real possibility of budget financing, improvements in their efficiency are based on decisions that provide them with a secure life. They are not threatened by bankruptcies and other misfortunes inflicted on those employed in the private economy.

**\* Methods To Assure Supplies of Essential Goods**

93BA1176C Skopje NOVA MAKEDONIJA in  
Macedonian 7 Jun 93 p 3

[Article by S. Kiridzievska: "Rich Market and Balance Demand"]

[Text] Free imports of basic food staples have compensated for the lack of variety. Continuity in supplies will be made possible by regularly importing scarce goods.

Taking into consideration the difficulties and consequences of the blockade and the closed markets of the former Yugoslav republics, the supplying of our country with basic food products and other goods could be assessed as relatively good. This view is shared by the government, which recently studied the report on supplies to the market, for the purpose of adopting draft resolutions for the balance of the year. The free import of basic food items and other consumer goods, exempt from customs fees and other import taxes, compensated for the lack of variety. The main suppliers to the Republic of the goods it needs were Turkey, Bulgaria, Hungary, and Poland.

Last year, about 36,000 metric tons of wheat and 57,000 tons of flour or a total of 113,000 tons in terms of wheat grain, were imported, accounting for 82 percent of the required amount. The wheat, imported by various enterprises on the basis of compensation and other arrangements, cost Macedonia \$17 million, based on the price of wheat on the world market as of 30 December 1992. Within that time, we consumed 14,000 tons of imported butter, 29,000 tons of sugar, 44,000 tons of cattle feed, about 10,000 tons of meat of all sorts, and as much milk and dairy goods, and 17,000 tons of salt. This increase in imports influenced a drop in the prices of such items, and balanced supply and demand on the domestic market. Imports of some basic goods declined in the course of the year. For the sake of protecting domestic production, customs and other fees were levied, as

follows: customs fees, five percent; special revenue, three percent; special tax, three percent; and customs handling, one percent.

**Reserves**

The situation with supplies of some items could also be considered stable. Stocks of wheat and flour in the milling industry are assessed at 30,000 tons of wheat and about 15,000 tons of flour. These quantities suffice for ensuring bread supplies for about two months. In order to ensure the regularity of supplies, an additional 30,000 tons of wheat will be procured. In the first three months of this year, some 2,500 tons of sugar were imported; the monthly consumption by the population is some 3,750 tons. In order to preserve the continuity, another 15,000 tons of sugar or 2,500 tons monthly will be imported. Based on world prices, this will cost about \$4.5 million. There is plenty of butter and if butter consumption averages 2,000 tons monthly, the available stock would suffice for an even consumption of about four months. Until this year's domestic production has been ensured, it will be necessary to import about 4,000 tons of butter.

Although supplies of meat and dairy products have improved, they are the result of imports that, in the first three months of this year in Skopje alone, amounted to about 1,224,000 liters, coming mainly from the Federal Republic of Yugoslavia. Also imported were 698 tons of (tetra-pack) milk. Macedonia also imported 1,800 tons of various meats, and imports of cattle feed included about 211 tons of wheat and 4,320 tons of other cattle-feed components. Whereas supplies of basic food items could be considered satisfactory, the situation with medicines is not satisfactory in the least. Alkaloid meets about 20 percent of needs; Jaka about nine percent. Biljana manufactures medical hygiene goods and medical plastic materials are produced by the Jugohrom HEK [Chemical Power Combine]. The rest is imported. Replek accounts for 70 percent of imports and the balance is provided by other enterprises, both private and public.

**Exemption From Customs Fees**

Most consumer goods are imported on the basis of barter arrangements and compensation deals. Markups have been substantially reduced and it is only a specific variety of goods that is found in the commercial network. Difficulties occur in servicing and procuring spare parts for household appliances.

According to the energy balance for liquid fuels, the plans for 1993 imports include 900,000 tons of crude oil and 120,000 tons of petroleum derivatives. By 26 April, 244,000 tons of crude oil had been imported, 78,000 tons of which are stored in Salonika and are hauled on a daily basis to the Skopje refinery. Furthermore, another 80,000 tons of crude oil were imported on credit (Soros).

In order to ensure procurement continuity, the government is contemplating the complete exemption from customs fees of imports of basic food items, and a review

of the customs policy of goods not produced in our Republic, and a request for aid in procuring wheat from the world headquarters, totaling 20,000 tons.

**\* Productivity Rates for Expected Wheat Harvest**

*93BA1176D Skopje NOVA MAKEDONIJA in  
Macedonian 16 Jun 93 p 3*

[Article by B. Dicevska: "Seven Hundred and Thirty-Eight Million Denars for Wheat Purchases"]

[Text] Agricultural producers asked that payments for the delivered amounts be made on delivery or within 15 days. However, no one has given such guarantees so far. A harvest of 298,000 tons is expected, on the basis of an average of 2,600 kg per decare. The market of flour made from domestic wheat has become more difficult because of increased imports.

The wheat harvest is scheduled to begin in about 10 days. Hasty preparations are being made, the silos are being prepared, the combines are checked, and the operative plan for completing the harvest has been drawn up. In brief, everything is dominated by the forthcoming harvest campaign that must be completed on time and in its entirety. It is true that in some production areas the harvest has been greatly reduced because of the severe drought. This must be considered as yet another challenge requiring the development of a better organized harvesting of the summer grain.

According to agricultural specialists, the 114,000 hectares planted in wheat in our country are expected to yield a total of 298,000 tons, averaging 2,600 kg per hectare. Of this amount, 150,000 tons must be purchased as market surplus, same as last year's amount. However, the prognosis is for a relatively good year. To the harvesters this means nothing. This simply is a routine statement usually made before any harvest campaign. Without the support of the publication of all the other accompanying elements that guarantee the implementation of all forthcoming activities, the publication of such figures is nothing but bare information.

Already now, for example, the harvesters are facing a very grave problem of completing the availability of mechanization facilities to be used in the harvesting of the food grain. There are no spare parts and, as was stressed by the Macedonian Chamber of Commerce, for the time being there are no indications that such parts will be procured before the start of the harvest. It is true that such problems existed in the past as well. However, solutions related to their overall availability were provided by the Maribor TAM [Automobile and Engine Factory] or by any other factory in former Yugoslavia, on the basis of a variety of compensatory deals. Now this has been made impossible. Compensation deals cannot be made or prompt shipment of the parts cannot be ensured. The blockades have broken up market relations and organized cooperation. All of this will affect the timely completion of the harvest. Therefore, quite naturally, for the time being one cannot indicate the precise

number of combines to be used in the harvest, for some of the mechanized facilities are already "paralyzed." Be that as it may, even under such difficult circumstances one could plan the use of available facilities and their most efficient utilization. We must especially take into consideration the way the harvest is carried out in the private sector where, actually, we find the majority of production areas that cannot be harvested on time with the currently available mechanization facilities. It has already been agreed that some mechanized facilities owned by the combines will be used to harvest privately grown wheat.

The purchase price of the wheat has not been set and even less is known about the way of ensuring the necessary funds to pay for it. The farmers want to be paid within 15 days of delivery. Any eventual delay in payments would mean an even greater loss because of unpaid production costs. For the time being, the milling and baking enterprises cannot guarantee such payment dynamics for the quantities they will purchase. The people of Zitomakedonija are saying that milling facilities are ready to store the crop in their own silos, but that they have no money to pay for it. Furthermore, they are still paying a high interest on the loans they received for last year's purchase of the wheat and are literally drowning in their own debts, for which reason they are unable to assume the entire burden of gathering the crops and meeting the payment deadline. The wheat that was purchased last July, if we add the interest, is already costing seven denars, which is a great deal if we take into consideration that the market price does not exceed four denars. Furthermore, the problem of marketing the flour is very serious. The cost of this item must be approved by the government. However, there also is the free import of flour, exempt from customs fees. Therefore, the flour imported from Turkey and Bulgaria, our biggest suppliers, is procured at a much lower cost against which domestic production cannot compete. Hence the milling and baking enterprises have asked that this year the wheat be purchased by the Material Reserves Directorate. Subsequently, it will sell the wheat to the enterprises depending on the need. This method was used two years ago, when the directorate intervened in the purchasing of the wheat by taking over the entire market surplus.

It is as yet unknown whether this method, applied two years ago, will be used once again. However, pressure is being applied to find proper solutions in procuring the necessary funds. As Eftim Avcev, the minister of agriculture, stressed, ensuring a qualitative financial structure is of particular importance to the successful development of the harvest. This is not easy and must be done in such a way as to avoid the strong reaction of producers precisely during the peak of harvesting activities. According to the present protective price of 4.10 denars per kg of wheat, the purchasing of the planned 150,000 tons of market surplus would require 730 million denars or \$35 million. Planned funds for bonuses of 123 million

denars are included in that account. This year such bonuses will account for 20 percent of the protected price.

**\* Statistics on Traffic Accidents in Skopje**  
*93BA1180B Skopje NOVA MAKEDONIJA in  
Macedonian 7 Jun 93 p 2*

[Article by S. Colakovski: "Skopje Is a Dangerous Traffic Zone"]

[Text] In general, penalties have helped to improve the situation in the Republic. Over the past five months, 35 people have died and 638 have been hurt as a result of traffic accidents in our country. The only exception to the overall situation is that of Skopje: In May, there were almost five more severe traffic accidents daily.

Following the changes made in the policy of penalties for traffic violations and the drastic increase in the amount of fines, now based on the average wage, as stipulated in the notices of the MVR [Ministry of Internal Affairs], generally speaking, the situation on the roads of our country is showing a trend toward gradual improvement and the number of traffic violations has clearly dropped. Although the high mandatory penalties have triggered a great deal of arguments among the public, the actual situation indicates that it is precisely they that deserve the biggest credit for the gradual order that is beginning to prevail in the traffic area. The only exception is Skopje, where in then past two months the situation could be easily described as one of traffic anarchy.

**Declining Republic Statistical Figures**

The figures we are about to quote best illustrate the real Macedonian traffic situation: In the first five months of the year there were 522 accidents on the roads of the Republic, involving casualties (for the sake of comparison, in 1991 there were a total of 2,020 accidents and, in 1992, 1,773). It is projected that this year the figure will be at least one-third below the previous figures. For the same period as last year, the highest number of casualties due to traffic accidents have been among pedestrians: 248, followed by 245 passengers and 232 drivers. All in all, 638 people were hurt as a result of traffic accidents, and 35 people have died. Compared with 1992, when 180 people died, it is believed that this unfortunate number will be much smaller this year, among others also as a result of the penal policy.

The most frequent reason for traffic accidents is excessive speed, considering the conditions of the road. Excessive speed was the reason for 345 accidents. The most frequent reason is driving a vehicle while intoxicated, which accounted for 93 accidents.

**Traffic Anarchy in Skopje**

Although the final figures (for the last five months) indicate that the number of traffic accidents on the roads in the Republic is steadily dropping, the situation in the

Macedonian capital has followed the precisely opposite trend. The monthly breakdown of the 457 traffic accidents that occurred in Skopje during that period is as follows:

—January, 132

—February, 125

—March, 101

—April, 99

This trend of declining traffic accidents in the city was reversed last month in May, when there were as many as 144 traffic accidents (50 percent higher than in April or, in other words, in May there were an average of 4.8 more severe accidents daily). Seriously injured were 429 individuals and 21 individuals lost their lives, including three children under the age of 14. Bearing in mind that a total of 35 people died from such accidents in the Republic, 21 of whom in Skopje alone, this is the clearest indication that it is precisely the capital that is the most dangerous traffic area.

Again, the "number one" reason for traffic accidents in the city is excessive speed (in 115 cases), followed by violation of priority rules (65 cases), driving under the influence of alcohol (57 cases), improper walking by pedestrians (39 cases), followed by drivers' fatigue, improper passing, stopping, parking or driving...

To the poor and very narrow streets, inadequate horizontal and vertical road signals, violation of even basic traffic standards, the level of technical adequacy of the vehicles, and low familiarity with traffic rules...we should add the very aggressive city driving and violation of traffic rules. For that reason it is natural for us to witness daily in the city streets and boulevards new victims of Skopje's traffic anarchy. All indications are that the moment a Skopje resident sits behind the steering wheel, responsibility is the least thing he thinks about.

**\* Reasons for High Incidence of Fires Given**

*93BA1180A Skopje VECER in Macedonian  
21 Jun 93 p 7*

[Article by B.D. Konstantinov: "The Tongues of Fire Are Threatening"]

[Text] The summer heat and increased travel by people on their annual summer vacation are two factors that increase the threat of fires in our state; in the first quarter of the year there were 270 fires in Macedonia and four explosions. Three people died; the fire in the sports hall in Prilep, the damage from which was assessed at 15 million marks, was the worst this year.

"The last fire, which occurred several days ago, when the steel structure of the sports hall in Prilep burned and collapsed, is one more proof that fires do not select either the place or the time of their outbreak. In only 22

minutes, in the middle of the day and under the eyes of thousands of sports fans, the fire swallowed the main building, destroying property valued in excess of DM15 million. Thanks to the orderly and fast evacuation of the premises, there were no casualties," we were told by Inspector Bogdan Andonov from the Sector for Fire and Explosion Protection of Macedonian MVR [Ministry of Internal Affairs].

Fire out of control is subversive. In this specific case, not even a hundred fire-fighting crews could have put it out, stated categorically Inspector Andonov. It is believed that the textile store could have caught fire from a smoldering firecracker, a petard, for example, but the fire could have also been started by a cigarette butt. The investigation will determine the cause.

At high temperatures the unprotected steel structure changes its nature and collapses. This would not have been the case had the building been made of reinforced concrete, but now it contributed to the huge damages caused by the worst fire this year, the sector people pointed out.

The state of fire safety in the Republic was assessed for us by Milutin Bozinovski, a high-ranking MVR official. In his view, the threat of fire is high, and the trend is toward greater danger because of the summer heat and the dry vegetation.

#### **Bad Way To Start the Year**

"In the first quarter of the year, there were 270 fires and four explosions in the Republic of Macedonia. Two people died and 11 were injured in the fires; one person died and four were injured in the explosions. Material damages are assessed at 12,215,180 denars," Chief Bozinovski said.

Of the fires that occurred in the first quarter of the year, 102 were in Skopje, 20 in Kumanovo, 15 in Bitola, and 12 in Gostivar. The "deployment" of the fires by city is the same as last year's. In these fires 181 permanent buildings caught fire, whereas 61 fires were in an open area (forests and shrubs). Damages to the public sector total 4,348,870 denars. Twenty-nine vehicles were destroyed in the fires.

In addition to the heat and the dry leaves and grasses, in summer, the Republic's territory is threatened by fires also as a result of the greater mobility of the citizens. This worsens the danger of fires. The flames are swallowing everything that falls into their destructive embrace.

#### **Years With a High Number of Fires**

In the last five years, 1990 was catastrophic for Macedonia. That year there were 1,422 fires in our state, 241 of which were forest fires. The fires took the lives of seven people, and one person died as a result of an explosion. Several dozen people were hurt. There were

886 fires in 1991, which is a very low figure in the last 20 years, Chief Milutin Bozinovski said.

Last year there were 1,307 fires in the Republic of Macedonia (considered an average year). However, 1992 was considered an extreme year because of the size of the fires. Noteworthy among the big fires last year were those in Skopje: the Skopje Ores and Iron Works (underground hydraulic installations of the Pettostan production sector); Treska-Mebel-Sajmiste, a sector of Zitomel, in Bitola; the fire at the drying and dyeing installation of Frinko in Bitola, and the refrigeration facility of Lazar. Last year, the Gypsy Radanski Pat settlement in Stip burned down, followed by Gola Seca in Delcevo, the timer industry store in Berovo, and others.

Fire damages are always huge. In a single instant the labor and values created in the course of years are turned into ashes. That is why damage assessment can only be relative.

In Macedonia (according to analysts) there are an average of two or three fires daily. Asked why, the answer is almost always the same: because of inattention and carelessness. The next most important cause is children playing with matches. Contributing reasons are the old and worn-out nature of homes and electrical installations and appliances. This is followed by the storing of easily flammable and explosive liquids, such as gasoline, petroleum, alcohols, and lacquer dyes. All of this increases the risk of fire.

Every single one of us must make his contribution to reducing the number of fires. We must be vigilant and careful in handling fire and we must obey the ban of not starting a fire in a forest or in camps, and wherever crops are gathered. Especially in summer, a spark could trigger a fire, so that one must be careful when starting a fire. Finally, we must think of the truth that the moment a fire starts it could be put out with a single glass of water but after the fire has spread, dozens or hundreds of tankers cannot put it out.

### **Serbia**

#### **Schoolbooks Instill Extreme Nationalism**

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[Article by Mirko Mlakar: "A New Mirko and Slavko"]

[Text] A dead patriot is a true patriot. That is, death is the best proof of patriotism. After all, sacrificing one's life is the greatest patriotic act. That is being said by the Radical national leaders, and also by the textbooks, specifically, sixth- and seventh-grade textbooks for the Serbian language. Here is a passage from one of them: "The country can be defended with an ardent heart and a wise head, but only those who have taken advantage of the opportunity to die have gone down into legend to inspire new exploits; only they are a reserve of strength,

a pledge to the spirit of the living that they will not despair. The memory of the graves and mausoleums are a guarantee of new generations, an impetus in moments of despair."

As part of the macroproject "Education for a Civil Society," the Antiwar Action Center in Belgrade has undertaken analyzing the content of textbooks on nature and society, the native language, and history. The purpose is to see how patriotism, passivism, ethnocentrism, and sexism are treated. So far, only the "patriotism" analysis of language textbooks for the sixth and seventh grades has been done, but on the basis of the first general results it can be said that teenagers are being prepared for war. Mirko and Slavko in a Rambo version of patriotism.

### The Export of Blood

"A life placed on the altar of the fatherland is the supreme token of patriotism in the participative relationship between the individual and the homeland. In this relationship, which is incidentally dominant, the meaning of the individual is entirely derived from the community, the individual is subordinated to patriotism, because 'it is only with your own kind that you know who you are.' The insistence is on emotions, while the rational side is completely neglected. It is a different relationship when the individual's subordination to the community is questioned, and on the other side of the participative relationship," explains Ruzica Rosandic, professor of psychology in the School of Philosophy at Novi Sad University. "There is a reciprocal relationship. The meaning of the personal life is increased by belonging to the community, just as the community is enriched by contributions of individuals."

"In the Serbian-language textbooks we examined, there is blood for export. Patriotism is not living, working, creating, but dying for the homeland, that is, for one's kind. The pupils mainly learn that 'fighting and dying for freedom is the honor of every patriot,' that 'those graves are not tombs, but cradles of new forces,' that 'this people has learned to die, to find its remedy in its own death,'" our informant emphasized.

Of the 280 units the two readers contain, the community is defined in biological terms (blood relationship) about 200 times, as an administrative entity 50 times, and in only five cases as a community of the spiritual type (culture, religion, etc.). Of the seven possible reasons for the existence and the supreme values of the community, the highest frequency is observed under the heading of "preservation of territory, borders" (about 100 out of 175 units), and then in "keeping the people together (unity, accord)." The latter *raison d'être* occurs some 30 times, which is twice as many as the frequency of culture in the broader sense. Religion and preservation of the faith, indicatively, does not occur in any of the 175 cases. The two books analyzed refer about 170 times to what Dr. Rosandic and other members of the professional team of the Antiwar Action Center refer to as the image

of the patriots. Soldiers are the model of the patriot in 90 units, cultural figures in 20, and children in about 50. However, in the latter case it is mainly a question of "freckled generals," the sacrifice of minors for the homeland, and so on. And, finally, the patriotic act mentioned most frequently in the two readers is death or a sacrifice close to it—in 160 of the 185 units found. There were 20 in cultural creativity, 10 in social reform, but solidarity and similar states are not mentioned at all among the 185 patriotic acts referred to in the two grade-school language textbooks.

### SPS-Oriented [Socialist Party of Serbia-Oriented] Teenagers

Judging by the first findings of the study done by Belgrade pacifists, the patriotic death call of the grammar school is just about as strong as the explosive charge of the defense and protection textbooks which are already well known in the world. Here is a small one intended for the first year of study in secondary school (Pujic, Lepir, Ivanovic, 1991): "The behavior and tendencies of the nationalistic-separatistic forces have not frightened the Serbian people; on the contrary, it has intensified the readiness and determination of the Serbs to fight resolutely and consistently for peaceful and democratic resolution of all the problems that have arisen and to build a new state with all those who desire it on a democratic and equal basis. In such a situation, the Republic of Serbia faced the historical task of strengthening its own forces for defense and protection." The university-level brother of the textbook quoted has the subtitle "Defense Science." Pujic, Radinovic, Peric, and Obradovic (not the general Vuk, but his brother Pavic), for example, explain that one of the aspects of special warfare is emphasizing the "threat to so-called human rights," "the involvement of ethnic minorities as a fifth column," "the destructive effect of a segment of the opposition..."

Any similarity to the programs of Radio-TV Serbia (with the second TV news program as an example) is intentional. Incidentally, a textbook for the fourth grade of elementary school, Mrs. Rosandic cautions us, nicely states in a recommendation of how to best recognize and develop a love for the homeland, is for the children to watch TV and keep a "calendar of social events pertaining to our country." "Right on! We all have a little bit of socialist in us!" the adolescents should soon shout.

The year 1990 is considered the beginning of the great "deideologization." Since that time, the "greatest son of all our nationalities and ethnic minorities" (Mr. Josip Broz, better known as Tito) has not been smiling at our first graders in Serbia, but Vuk Karadzic. History is no longer being reduced to the working class movement (read the Communist Party), but more and more space is being given to the Radicals and other parties. In the spirit of "reaffirmation," "restoration," "renewal," "reinterpretation," the Nemanjices and Karadjordjeves are assuming better and better places. But again, this is predominantly, if not exclusively, political history

of "great figures." Dr. Ljubisa Rajic of the School of Philosophy at Belgrade University points to the different approach to history. The manual "The Nordic World" not only presents differing conceptions of history (depending on the times and the "school"), but Scandinavian history is not portrayed at all as an assemblage of national or government histories (Swedish, Danish, Norwegian...), but through certain "existential" characteristics. For example, how time was determined, what the family structure was, the attitude people took in various regions toward their own government and the governments of others, what the wives of fishermen did, and so on.

#### General or Marshal

Although the "truth" about events (the "people happening" on Usce, the 14th Congress of the LCY [League of Communists of Yugoslavia], the "transformation" of the Serbian LC [League of Communists] into the SPS) are fast-served-up in the classroom, it is the misfortune of textbooks that they are not published every day (although that does not mean that they are not like daily newspapers). In the last two or three years, events have made textbooks look utterly silly, and the more politically realistic teachers, instead of lectures about Slovenia and Croatia as Yugoslav republics, are teaching on their own about "all the countries outside the borders of Yugoslavia" and about Serbian communities elsewhere in the world. Krajina geographers, however, are demanding that new textbooks be written—"the geography of all the Serbian lands"—so as to "finally put an end to the divisions of the Serbs and their lands which have been imposed." Naturally, it is no longer taught that the islands in the northern Adriatic are the "Yugoslav Polynesia" and that Velenje is Yugoslavia's "youngest city." Or again, Branko Radicevic's "Kolo" is no longer an ingenious anticipation of brotherhood and unity, but has been given back its first and real meaning: a poem about Serbs scattered over various lands.

Certainly there is less and less teaching to the effect that socialism is better and indeed even more efficient than capitalism. "The CPY [Communist Party of Yugoslavia] in preparation for the armed uprising in my region" certainly will no longer be one of the optional topics for a composition by the most gifted elementary school students (Pedagogical Academy, 1991). But that does not mean at all that the new or supplemented textbooks are not "ideologically contaminated." While the students are forced themselves to find the highest peak in the FRY [Federal Republic of Yugoslavia] (which is presumably a fact and so there is no saying "I think," "I believe," "It seems that"), the commonplaces of bad policies are served up to them as ready-made truths on the textbook platter. For example, the eighth-grade history book says that the Vatican "began the fight against Orthodoxy and the Serbs through the Catholic Church and its allies." Two years ago, teachers inclined toward the SPO [Serbian Renewal Movement] and parties related to it (at that time) "skipped over" the seven offensives and on their own initiative "inserted" Mr.

Draza Mihailovic. According to one agency report, the Educational Council was "divided over evaluation and approach to the chetnik movement, as well as to the war years and postwar years," which in a competent ministry was explained in terms of its "being no simple matter to make a new history (textbook) in a short time." The "handle" lies precisely in evaluation. It is presumably in the teaching of history that the main thing is to offer the basic information about the one side, the other...the seventh side. French children, Prof. Dr. Dragan Nedeljkovic advises, are familiar with the rationale behind the actions of both General de Gaulle and also Marshal Petain. "Norwegian teachers, even when they come to Vidkun Quisling, can use other sources as well, not just what is written in the history textbooks," we were told by Rajic, the Scandinavian scholar. "But those sources, just like the textbooks themselves are only an occasion for the pupils to debate for and against the particular figure and his actions. It is not the job of the teacher, nor the authors of the textbook, to impose themselves, to 'feed' their views to the pupils, but to bring them to the point where they themselves, on the basis of the facts and debate, arrive at their own views or conclusions."

#### Au, Au, Au

So long as political dirigisme prevails, we can only wish for "profound" changes in textbooks and the teaching process in general. The education minister (the present one is Prof. Danilo Z. Markovic) appoints directors of elementary and secondary schools, and in higher education this is done by the government. Autonomy of the university, as was seen when the council was made up, and especially recently in the so-called election of the rector, has come down to "au, au, au." For those who do not use exclusively the official manuals approved by the minister, penalties have been envisaged. This will certainly meet with parental approval. That is, they will no longer have to pay for the "whims" of those teachers who want to introduce innovations and inventions, that is, to depart from order and procedure in instruction. The approved textbooks, it is true, are not inviolable. The minister may require amendments, supplements, or the preparation of completely new ones. He also sees about competition: He approves the adoption of manuals from other states (translated, of course). He will certainly allow the "importation" of some book in nuclear physics or similar disciplines far from history, the native language, and related "key" subjects.

When the Law on Textbooks and Other Teaching Aids was adopted in mid-April, Mladen Markov (SPO) objected to the nationalization of the schools, and he portrayed the Bureau for Publication of Textbooks (a public firm which from now on has the exclusive right to publish textbooks) as monopolistic and the "center of the spiritual power of the incumbent party." Sonja Scepanovic (SPS) supported "uniform textbooks for a uniform republic" (published by the sole textbook institution, the one in Belgrade, with the former institutions in Novi Sad and Pristina figuring as its departments): "We will get textbooks which will not divide us."

The only resistance at all effective to the victorious smile of Dr. D.Z. Markovic has been coming from Albanians. In Kosovo, there is a parallel system of education, with separate syllabi and curricula, and large rooms and fields are being used as classrooms and labs.... Ethnic fire is being fought with ethnic fire. Serbian children are no longer reading Esad Mekuli, and their contemporaries of Albanian nationality are not burdened with Andric, Selimovic, and other nonsense. The elementary school curriculum in literature, as far as we know, includes no Yugoslav authors, unless you include Jevrem Brkovic. The Serbs and Montenegrins, according to Albanian experts, have no ear at all, if they are not deaf mutes: In musical training, there is not a single piece of music from those two nationalities. The geography curriculum does not recognize the FRY, and Kosovo is spoken of as a state; as far as history goes, the year 1945 marked "annexation of Kosovo by Serbia-Yugoslavia."

In late April, Dzezair Taliti, Albanian education minister, and Muhamed Bicaj, his counterpart from the "Republic of Kosovo," agreed in Tirana on "a uniform school system for Albanians, wherever they live." They judged instruction according to five curricula with different textbooks and so on to be tragic. What would the Swedes or the Danes have to say about that?

### The Classroom Republic

"Developing a well-rounded individual able to think independently and critically is the main objective of teaching, especially the teaching of language and literature in the Scandinavian countries. They have no textbooks as we think of them for the social sciences and humanities, but in the teaching of literature, for example, they have a sizable number of histories of literature and anthologies, and the teacher and pupils choose on their own which will be used! What is more, the teacher has the right to bring into the classroom any other material, for example, a newspaper article. But he or she is required always to be objective, that is, unbiased: He must define his view, but also represent other directions."

Judging by these words of Prof. Ljubisa Rajic, every classroom in Scandinavia is a profoundly tragic phenomenon—a teaching republic. We saw from our subsequent conversation with Mr. Rajic that the teaching tragedy there is really abysmal.

"In our country, everything is clear, uniform, and simple: Only the textbook agency can issue textbooks. The rule is that there be one textbook, that it be approved by the minister, that the teacher has no right to bring anything else into the classroom, only one right answer is given for all the problems, textbooks are approved on the basis of blind adherence to the material envisaged and political correctness. Formerly, that correctness was quasi-Marxism and the system of self-management, and now the criteria are Serbism with an ever more emphatic Orthodoxy and favorable discussion of the government. The objective is not to encourage critical thinking, but ethnic and every other kind of intolerance. In the Scandinavian countries, textbooks, actually manuals, are approved by educational councils, which see whether the material covered has been handled professionally and that it nevertheless not go too far to the left," Dr. Rajic said.

The classes are so free that if they were studying Serbian literature between the two world wars, they could choose between the surrealists and Mir Jam. In the literary histories, the writers are not classified by nationality or rank, but their works are discussed as to their relevance to love, death, and other fundamental characteristics of human life. Over the last 20 years or so, VREME's informant continued, patriotic poetry has been looked on as inferior literature. The "in" literature deals with human solidarity, the attitude of the so-called First World towards the Third World, a literature that concerns itself with minority groups, marginal groups in general, or looks critically at the relation between the national and the supranational (but never at the expense of one or the other).

"Denmark and the Danes," an anthology published by the powerful Association of Secondary School Teachers of Danish and Danish Literature, shows how far they go in nurturing a multicultural attitude and tolerance, that is, a respect for others and those who are different. "The manual for work with secondary schoolchildren contains writings by Danes and foreigners. One of the objectives is to see and think about the way Swedes, Greeks, Americans, or Gabonians view Denmark, the Danes, their customs, their behavior, etc. Can you even imagine when the Belgrade textbook agency or the corresponding institutions in Zagreb or Ljubljana will publish a manual which will encourage the pupils to think about how those states and their majority nationalities are seen by Muslims or Gabonians?" Professor Rajic asked. We were both aware that such a possibility belonged in the realm of (political) science fiction.